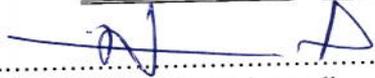


**INDUSTRIES QATAR Q.S.C.
DOHA - QATAR**

**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2014**

INDUSTRIES QATAR Q.S.C.
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 As of March 31, 2014

	Notes	March 31, 2014 (Unaudited) QR'000	December 31, 2013 (Audited) QR'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	3,424,235	3,434,138
Investment properties		177,639	177,639
Investment in associates	5	229,211	223,132
Investment in joint ventures	6	19,574,191	19,879,279
Available-for-sale investments		797,437	752,708
Catalysts		40,294	41,538
Total non-current assets		24,243,007	24,508,434
Current assets			
Inventories		1,879,478	1,848,210
Accounts receivable and prepayments		1,409,286	1,454,640
Due from related parties		35,037	33,882
Financial asset at fair value through profit or loss		3,585	3,585
Bank balances and cash	3	3,056,939	7,683,305
		6,384,325	11,023,622
Asset classified as held for sale		1,246,142	1,245,747
Total current assets		7,630,467	12,269,369
TOTAL ASSETS		31,873,474	36,777,803
EQUITY AND LIABILITIES			
Equity			
Share capital		6,050,000	6,050,000
Legal reserve		74,999	74,999
Cumulative changes in fair value		435,889	391,159
Hedging reserve		(345,239)	(366,276)
Retained earnings		22,557,492	27,627,365
Total equity		28,773,141	33,777,247
Non-current liabilities			
Interest bearing loans and borrowings	7	1,590,628	1,662,467
Employees' end of service benefits		132,094	120,129
Other financial liabilities		67,874	81,824
Total non-current liabilities		1,790,596	1,864,420
Current liabilities			
Accounts payable and accruals		974,245	808,857
Due to related parties		15,724	14,555
Interest bearing loans and borrowings	7	319,768	312,724
Total current liabilities		1,309,737	1,136,136
Total liabilities		3,100,333	3,000,556
TOTAL EQUITY AND LIABILITIES		31,873,474	36,777,803
<div style="display: flex; justify-content: space-between; align-items: flex-start; margin-top: 20px;"> <div style="width: 45%;"> <p>For </p> <p>.....</p> <p>Dr. Mohamed Bin Saleh Al-Sada Minister of Energy and Industry Chairman and Managing Director</p> </div> <div style="width: 45%;"> <p></p> <p>.....</p> <p>Hamad Rashid Al-Mohannadi Vice Chairman</p> </div> </div>			

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 three month period ended March 31, 2014

	Three month period ended	
	March 31	
	2014	2013
Notes	(Unaudited)	(Unaudited)
	QR'000	QR'000
Continuing operations		
Revenues	1,322,788	1,666,154
Direct costs	<u>(944,967)</u>	<u>(1,134,758)</u>
Gross profit	377,821	531,396
Other income, net	27,279	37,509
Income from investments	43,730	38,234
General and administrative expenses	(45,133)	(41,742)
Selling expenses	(9,018)	(9,504)
Finance costs	(13,488)	(14,672)
Share of results of associates	6,079	10,654
Share of result of joint ventures	<u>1,197,465</u>	<u>1,989,659</u>
Profit for the period from continuing operations	1,584,735	2,541,534
Discontinued operations		
Profit (loss) for the period from discontinued operations	<u>395</u>	<u>7,396</u>
Profit for the period	<u>1,585,130</u>	<u>2,548,930</u>
Basic and diluted earnings per share (expressed as QR per share)		
From continuing and discontinued operations		
Basic and diluted earnings per share	8 <u>2.62</u>	<u>4.21</u>
From continuing operations		
Basic and diluted earnings per share	<u>2.62</u>	<u>4.20</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 PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**
For the three month period ended March 31, 2014

	Three month period ended	
	March 31	
	2014	2013
	(Unaudited)	(Unaudited)
	QR'000	QR'000
Profit for the period	1,585,130	2,548,930
Other comprehensive income (loss):		
Net movement in fair value cash flow hedges	21,036	18,258
Net movement in fair value of available-for-sale investments	44,729	17,731
Share of other comprehensive income of associates		
Other comprehensive income / (loss) for the period	65,765	35,989
Total comprehensive income for the period	1,650,895	2,584,919

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

INDUSTRIES QATAR Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three month period ended March 31, 2014

	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 January 1, 2013 (Audited) (Restated)	5,500,000	74,999	279,892	(559,576)	25,039,096	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
Bonus shares issued	550,000	--	--	--	(550,000)	--
Dividends declared for the year 2012 (Note 9)	--	--	--	--	(4,675,000)	(4,675,000)
Balance at March 31, 2013	6,050,000	74,999	297,623	(541,318)	22,363,026	28,244,330
Balance at January 1, 2014 (Audited)	6,050,000	74,999	391,159	(366,276)	27,627,363	33,777,245
Profit for the period	--	--	--	--	1,585,130	1,585,130
Other comprehensive income for the period	--	--	44,729	21,036	--	65,765
Dividends declared for the year 2013 (Note 9)	--	--	--	--	(6,655,000)	(6,655,000)
Balance at March 31, 2014 (Unaudited)	6,050,000	74,999	435,888	(345,239)	22,557,492	28,773,141

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 three month ended March 31, 2014

	For the three month period ended	
	March 31	
	2014	2013
	(Unaudited)	(Unaudited)
	QR'000	QR'000
OPERATING ACTIVITIES		
Profit for the period	1,585,130	2,548,930
Adjustments for:		
Depreciation and amortisation	39,187	39,351
Provision for employees' end of service benefits	15,808	11,697
Share of results of associates	(6,079)	(18,050)
Share of results of joint ventures	(1,197,465)	(1,989,659)
Loss on disposal of property, plant and equipment	(395)	3,115
Dividend received from available for sale investment	(17,347)	(15,985)
Finance costs	13,488	14,672
Loss from disposal of financial asset at fair value through profit or loss	3,813	13
Change in fair value of financial asset at fair value through profit or loss	-	658
Interest income	(33,883)	(22,261)
	<u>402,257</u>	<u>572,481</u>
Working capital changes:		
Inventories	(31,268)	136,523
Accounts receivable and prepayments and due from related parties	44,198	(244,075)
Accounts payable and accruals	166,558	2,473,313
Cash from operations	581,745	2,938,242
Finance charges paid	(13,488)	(14,672)
Employees' end of service benefits paid	(3,843)	(3,952)
Net cash from operating activities	<u>564,414</u>	<u>2,919,618</u>
INVESTING ACTIVITIES		
Additions to property, plant and equipment and catalysts	(31,878)	(48,811)
Investments in associates and other assets	23	(70)
Net movement of financial asset at fair value through profit or loss	--	73
Dividend received from joint ventures	1,509,640	2,275,100
Movement in fixed deposits maturing after 90 days	4,369,000	2,382,150
Dividend received from available-for-sale investments	17,347	15,985
Interest income received	33,883	22,261
Net cash from investing activities	<u>5,898,015</u>	<u>4,646,688</u>
FINANCING ACTIVITIES		
Proceeds from interest bearing loans and borrowings	--	182,075
Repayment of interest bearing loans and borrowings	(64,795)	(63,034)
Dividends paid	(6,655,000)	(4,675,000)
Net cash used in financing activities	<u>(6,719,795)</u>	<u>(4,555,959)</u>
Net increase/decrease in cash and cash equivalents	(257,367)	3,010,347
Cash and cash equivalents at the beginning of the period	<u>1,639,305</u>	<u>1,573,750</u>
Cash and cash equivalents at the end of the period	<u>1,381,939</u>	<u>4,584,097</u>

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

INDUSTRIES QATAR Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

IQ and its subsidiary (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, 2014 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, 2013. In addition, results for the three month period ended March 31, 2014 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2014.

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, 2013.

INDUSTRIES QATAR Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

3. CASH AND CASH EQUIVALENTS

	March 31 2014 (Unaudited) QR'000	December 31, 2013 (Audited) QR'000
Bank balances and cash	<u>3,056,939</u>	<u>7,683,305</u>

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

	March 31 2014 (Unaudited) QR'000	December 31, 2013 (Audited) QR'000
Bank balances and cash	<u>3,056,939</u>	7,683,305
Less: Fixed deposits maturing after 90 days	<u>(1,675,000)</u>	<u>(6,044,000)</u>
Cash and cash equivalents	<u>1,381,939</u>	<u>1,639,305</u>

4. PROPERTY, PLANT AND EQUIPMENT

	March 31 2014 (Unaudited) QR'000	December 31, 2013 (Audited) QR'000
Opening net book value	3,434,138	3,054,991
Additions	32,215	534,521
Disposals	(4,173)	(5,204)
Depreciation	<u>(37,945)</u>	<u>(150,170)</u>
Closing net book value	<u>3,424,233</u>	<u>3,434,138</u>

5. INVESTMENTS IN ASSOCIATES

The Group has the following investments in associates:

	<u>Effective Ownership</u>	<u>Country of incorporation</u>	March 31 2014 (Unaudited) QR'000	December 31, 2013 (Audited) QR'000
Qatar Metal Coating Company Q.S.C.	50.00%	Qatar	27,811	26,464
SOLB Steel Company (formerly known as South Steel Company W.L.L.)	31.03%	Saudi Arabia	201,400	196,668
			<u>229,211</u>	<u>223,132</u>

INDUSTRIES QATAR Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6. INTEREST IN JOINT VENTURES

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

	March 31 2014 (Unaudited) QR'000	December 31, 2013 (Audited) QR'000
Balance at January 1	19,879,279	19,355,748
Share of results of joint ventures	1,197,465	6,238,090
Share of other comprehensive income	7,087	139,977
Dividends received	<u>(1,509,640)</u>	<u>(5,854,536)</u>
Balance at the end of the period	<u>19,574,191</u>	<u>19,879,279</u>

7. INTEREST BEARING LOANS AND BORROWINGS

	<u>Interest/ profit rate</u>	<u>Entity</u>	<u>Currency</u>	<u>Maturity Date</u>	March 31 2014 (Unaudited) QR'000	December 31, 2013 (Audited) QR'000
Loan 1	LIBOR plus applicable margin	Qatar Steel	USD	2018	1,096,894	1,162,039
Loan 2	LIBOR plus applicable margin	Qatar Steel	USD	2018	813,502	813,152
					<u>1,910,396</u>	<u>1,975,191</u>
Less: current portion					<u>(319,768)</u>	<u>(312,724)</u>
Total non-current portion					<u>1,590,628</u>	<u>1,662,467</u>

8. 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 2014 (Unaudited) QR'000	2013 (Unaudited) QR'000
Profit for the period from continuing and discontinued operations	<u>1,585,130</u>	<u>2,548,930</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) from continuing and discontinued operations	<u>2.62</u>	<u>4.21</u>

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.

9. DIVIDENDS DECLARED

During the period, cash dividend of QR 11.0 per share amounting to QR 6,655 million relating to 2013 were approved by the shareholders at the Annual General Meeting held on March 11, 2014 (2012: QR 8.5 per share amounting to QR 4,675 million).

INDUSTRIES QATAR Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

10. 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 2014	Petrochemical	Fertiliser	Steel	Total
Segment revenue	<u>1,461,393</u>	<u>1,392,921</u>	<u>1,322,788</u>	<u>4,177,102</u>
Cost of good sold	<u>(640,870)</u>	<u>(702,856)</u>	<u>(944,967)</u>	<u>(2,288,693)</u>
Depreciation / amortisation	<u>(81,786)</u>	<u>(198,481)</u>	<u>(39,187)</u>	<u>(319,454)</u>
Finance charges	<u>(8,074)</u>	<u>(29,684)</u>	<u>(13,488)</u>	<u>(51,246)</u>
Segment results	<u>680,727</u>	<u>516,314</u>	<u>358,167</u>	1,555,208
Unallocated income				32,750
Unallocated expenses				(2,828)
Profit for the period				<u>1,585,130</u>

As at 31st March 2014	Petrochemical	Fertiliser	Steel	Total
Cash	2,152,010	704,161	1,157,697	4,013,868
Other current assets	2,027,944	1,609,752	4,541,426	8,179,122
Non-current assets	6,620,744	12,567,589	4,201,744	23,390,077
Total assets	<u>10,800,699</u>	<u>14,881,502</u>	<u>9,900,867</u>	<u>35,583,067</u>
Debts due within 1 year	146,631	209,287	319,768	680,342
Other current liabilities	1,576,808	(120,812)	469,560	2,919,426
Debts due after 1 year	782,238	2,228,692	1,590,628	4,601,558
Other non-current liabilities	539,597	198,646	199,968	938,211
Total liabilities	<u>3,045,274</u>	<u>3,514,339</u>	<u>2,579,924</u>	<u>9,139,537</u>

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

	<u>Petrochemicals</u> <u>QR'000</u>	<u>Fertiliser</u> <u>QR'000</u>	<u>Steel</u> <u>QR'000</u>	<u>Total</u> <u>QR'000</u>
Period ended 31 March 2013 (Unaudited)				
Segment revenue	1,713,050	1,903,895	1,666,154	5,283,099
Cost of goods sold	(644,579)	(699,889)	(1,134,758)	(2,479,226)
Depreciation/amortisation	(79,832)	(191,604)	(39,351)	(310,787)
Finance charges	(17,310)	(30,083)	(14,672)	(62,065)
Segment results	952,610	1,037,811	539,288	2,529,838
Unallocated income				25,631
Unallocated expense				(6,411)
Profit for the period				<u>2,548,930</u>

As at 31st December 2013	Petrochemical	Fertiliser	Steel	Total
Cash	1,759,210	209,287	1,384,113	3,352,610
Other current assets	2,549,334	(120,812)	4,530,877	6,959,400
Non-current assets	6,524,477	60,938	4,191,070	10,776,485
Total assets	<u>10,833,022</u>	<u>149,413</u>	<u>10,106,060</u>	<u>21,088,495</u>
Debts due within 1 year	146,922	137,479	312,724	597,125
Other current liabilities	1,750,550	(137,479)	495,407	2,108,478
Debts due after 1 year	758,818	-	1,662,467	2,421,285
Other non-current liabilities	526,428	156,538	201,953	884,919
Total liabilities	<u>3,182,718</u>	<u>156,538</u>	<u>2,672,551</u>	<u>6,011,807</u>