

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

**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2015**

INDUSTRIES QATAR Q.S.C.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the period ended September 30, 2015

INDEX	Page
Interim consolidated statement of financial position	2
Interim condensed consolidated statement of income	3
Interim condensed consolidated statement of comprehensive income	4
Interim condensed consolidated statement of changes in equity	5
Interim condensed consolidated statement of cash flows	6
Notes to the interim condensed consolidated financial statements	7 to 13

INDUSTRIES QATAR Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at September 30, 2015

	Notes	September 30, 2015 (Unaudited) QR'000	December 31, 2014 (Audited) QR'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	3,789,592	3,856,255
Investment properties		198,364	198,364
Investment in associates	5	213,314	232,807
Investment in joint ventures	6	20,600,662	20,561,861
Available-for-sale investments		826,101	863,348
Catalysts		33,532	37,310
Total non-current assets		25,661,564	25,749,945
Current assets			
Inventories		1,537,109	2,143,430
Accounts receivable and prepayments		1,104,450	1,138,564
Due from related parties		228,482	81,926
Financial asset at fair value through profit or loss		3,585	3,585
Bank balances and cash	3	5,522,583	6,192,327
		8,396,209	9,559,832
Asset classified as held for sale		1,245,747	1,245,747
Total current assets		9,641,956	10,805,579
TOTAL ASSETS		35,303,521	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		463,423	500,668
Hedging reserve		(177,199)	(203,074)
Retained earnings		26,757,550	27,162,033
Total equity		33,168,774	33,584,626
Non-current liabilities			
Interest bearing loans and borrowings	7	766,969	451,802
Employees' end of service benefits		153,266	143,402
Total non-current liabilities		920,235	595,204
Current liabilities			
Accounts payable and accruals		706,342	1,049,406
Due to related parties		57,599	61,001
Interest bearing loans and borrowings	7	450,571	1,210,664
Other financial liabilities		-	54,623
Total current liabilities		1,214,512	2,375,694
Total liabilities		2,134,747	2,970,898
TOTAL EQUITY AND LIABILITIES		35,303,521	36,555,524



Saad Sherida Al Kaabi
Chairman and Managing Director



Mohammed Nasser Al Hajri
Vice Chairman

INDUSTRIES QATAR Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the nine month period ended September 30, 2015

	<u>Notes</u>	Nine month period ended	
		September 30	
		2015	2014
		(Unaudited)	(Unaudited)
		QR'000	QR'000
Revenues		4,107,187	4,673,778
Cost of sales		(3,199,909)	(3,553,186)
Gross profit		907,278	1,120,592
Other income		161,894	237,690
General and administrative expenses		(123,969)	(142,165)
Selling expenses		(45,468)	(38,783)
Finance costs		(18,232)	(42,329)
Share of results of associates		(15,493)	15,641
Share of result of joint ventures		2,964,509	3,569,945
Profit for the period		3,830,519	4,720,141
Basic and diluted earnings per share			
(expressed as QR per share)			
From continuing and discontinued operations			
Basic and diluted earnings per share	8	6.33	7.80
From continuing operations			
Basic and diluted earnings per share		6.33	7.80

INDUSTRIES QATAR Q.S.C.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

For the nine month period ended September 30, 2015

	<u>Nine month period ended</u>	
	<u>September 30</u>	
	2015	2014
	(Unaudited)	(Unaudited)
	QR'000	QR'000
Profit for the period	3,830,519	4,720,141
Other comprehensive income (loss):		
Net movement in fair value cash flow hedges	(37,247)	149,664
Net movement in fair value of available-for-sale investments	25,875	82,046
Share of other comprehensive income of associates	-	--
Other comprehensive income / (loss) for the period	(11,371)	231,709
Total comprehensive income for the period	3,819,148	4,951,851

INDUSTRIES QATAR Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the nine month period ended September 30, 2015

	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, 2014	6,050,000	74,999	391,169	(366,276)	27,627,365	33,777,247
Profit for the period					4,720,141	4,720,141
Other comprehensive income for the period			149,664	82,046		231,709
Dividends paid (Note 9)					(6,655,000)	(6,655,000)
Balance at September 31, 2014	6,050,000	74,999	540,824	(284,230)	25,692,504	32,074,098
Balance at January 1, 2015	6,050,000	74,999	500,668	(203,074)	27,162,033	33,584,626
Profit for the period					3,830,519	3,830,519
Other comprehensive income for the period			(32,246)	25,875		(11,370)
Dividends paid (Note 9)					(4,235,000)	(4,235,000)
Balance at September 30, 2015	6,050,000	74,999	463,422	(177,199)	26,757,552	33,168,776

INDUSTRIES QATAR Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS For the nine month period ended September 30, 2015

	For the nine month period ended	
	September 30	
	2015	2014
	(Unaudited)	(Unaudited)
	QR'000	QR'000
OPERATING ACTIVITIES		
Profit for the period	3,830,519	4,720,141
Adjustments for:		
Depreciation and amortisation	158,317	129,448
Provision for employees' end of service benefits	31,630	30,230
Share of results of associates	14,038	(15,641)
Share of results of joint ventures	(2,964,509)	(3,569,495)
Loss on disposal of property, plant and equipment	7,216	8,496
Dividend received from available for sale investment	(29,255)	(26,997)
Finance costs	18,232	42,329
Fair value gain on investment properties	-----	(14,803)
Interest income	(66,785)	(52,213)
	999,403	1,125,493
Working capital changes:		
Inventories	606,321	150,172
Accounts receivable and prepayments and due from related parties	(112,442)	63,784
Accounts payable and accruals	(194,517)	169,724
Cash from operations	1,298,766	1,635,174
Finance charges paid	(18,232)	(42,329)
Employees' end of service benefits paid	(21,766)	(12,584)
Contribution to social and sports fund	(151,949)	(198,598)
Net cash from operating activities	1,106,819	1,381,663
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	215	23
Additions to property, plant and equipment, catalysts and other assets	(95,307)	(393,668)
Additions to available-for-sale investments	----	(1,372)
Disposal of Investments in joint venture	5,000	----
Movement in fixed deposits	986	2,477,800
Dividend received from available-for-sale investments	29,255	26,997
Dividends received from joint ventures	2,948,038	3,230,491
Dividends received from associates	4,000	5,000
Interest income received	66,785	52,213
Net cash from investing activities	2,958,972	5,397,485
FINANCING ACTIVITIES		
Proceeds from interest bearing loans and borrowings	1,351,711	--
Repayment of interest bearing loans and borrowings	(1,851,260)	(222,038)
Dividends paid	(4,235,000)	(6,655,000)
Net cash used in financing activities	(4,734,549)	(6,877,038)
Net increase/decrease in cash and cash equivalents	(668,758)	(97,889)
Cash and cash equivalents at the beginning of the period	1,481,127	1,639,305
Cash and cash equivalents at the end of the period	812,370	1,541,417

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%

2. BASIS OF PREPARATION

2.1 Basis of preparation

The interim condensed consolidated financial statements for the nine month period ended September 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 nine month period ended September 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.

3. CASH AND CASH EQUIVALENTS

	September 30, 2015 (Unaudited) QR'000	December 31, 2014 (Audited) QR'000
Bank balances and cash	<u>5,522,583</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:

	September 30, 2015 (Unaudited) QR'000	December 31, 2014 (Audited) QR'000
Bank balances and cash	5,522,583	6,192,327
Less: Fixed deposits maturing after 90 days	(4,710,214)	(4,711,200)
Cash and cash equivalents	<u>812,369</u>	<u>1,481,127</u>

INDUSTRIES QATAR Q.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS****4. PROPERTY, PLANT AND EQUIPMENT**

	September 30, 2015 (Unaudited) QR'000	December 31, 2014 (Audited) QR'000
Opening net book value	3,856,255	3,434,138
Additions	95,307	610,582
Disposals	(7,431)	(10,553)
Depreciation	(154,539)	(177,912)
Closing net book value	<u>3,789,592</u>	<u>3,856,255</u>

5. INVESTMENTS IN ASSOCIATES

The Group has the following investments in associates:

	<u>Effective ownership</u>	<u>Country of incorporation</u>	September 30, 2015 (Unaudited) QR'000	December 31, 2014 (Audited) QR'000
Qatar Metal Coating Company Q.S.C.	50.00%	Qatar	19,659	23,701
SOLB Steel Company (formerly known as South Steel Company W.L.L.)	31.03%	Saudi Arabia	193,655	209,106
			<u>213,314</u>	<u>232,807</u>

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

	2015 QR'000	2014 QR'000
Balance at January 1	232,807	223,132
Dividends received from associates	(4,000)	(5,000)
Share of results of associates	(15,493)	14,675
Balance at December 31	<u>213,314</u>	<u>232,807</u>

6. INTEREST IN JOINT VENTURES

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

	September 30, 2015 (Unaudited) QR'000	December 31, 2014 (Audited) QR'000
Balance at January 1	20,561,861	19,879,279
Share of results of joint ventures	2,964,509	4,982,895
Share of other comprehensive income	25,875	81,378
Disposal of investment in joint venture	(3,545)	-----
Dividends received	<u>(2,948,038)</u>	<u>(4,381,691)</u>
Balance at the end of the period	<u>20,600,662</u>	<u>20,561,861</u>

7. INTEREST BEARING LOANS AND BORROWINGS

				September 30, 2015 (Unaudited) QR'000	December 31, 2014 (Audited) QR'000
	<u>Interest/ profit rate</u>	<u>Currency</u>	<u>Maturity Date</u>		
Loan 1	LIBOR plus applicable margin	USD	2018	675,195	1,029,989
Loan 2	LIBOR plus applicable margin	USD	2018	546,225	632,477
				<u>1,221,420</u>	<u>1,662,466</u>
	Less: current portion			<u>450,571</u>	<u>1,210,664</u>
	Total non-current portion			766,969	451,802

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:

	Nine month ended September 30,	
	2015	2014
	(Unaudited)	(Unaudited)
	QR'000	QR'000
Profit for the period from continuing and discontinued operations	3,830,519	4,720,141
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	6.33	7.80

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 PAID

During the period, cash dividend of QR 7.0 per share amounting were approved by the shareholders at the Annual General Meeting held on March 1, 2015

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.

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

The following table presents the Group's operating segments:

QR 000

<u>Period ended 30th Sep 2015</u>	<u>Petrochemical</u>	<u>Fertiliser</u>	<u>Steel</u>	<u>Total</u>
Segment revenue	3,324,592	3,824,914	4,107,187	<u>11,256,693</u>
Cost of good sold	(1,445,087)	(2,458,204)	(3,199,909)	<u>(7,103,200)</u>
Depreciation / amortisation	241,872	603,433	158,317	<u>1,003,622</u>
Finance charges	(2,635)	(80,482)	(18,232)	<u>(101,350)</u>
Segment results	2,037,511	926,998	802,190	<u>3,766,699</u>
Unallocated income				<u>71,807</u>
Unallocated expenses				<u>(7,987)</u>
Profit for the period				<u>3,830,519</u>
<u>As at 30th Sep 2015</u>	<u>Petrochemical</u>	<u>Fertiliser</u>	<u>Steel</u>	<u>Total</u>
Cash	1,373,077	1,736,520	958,412	<u>4,068,009</u>
Other current assets	1,444,830	1,327,937	4,074,521	<u>6,847,288</u>
Non-current assets	6,766,472	11,685,334	4,571,131	<u>23,022,937</u>
Total assets	9,584,379	14,749,791	9,604,064	<u>33,938,233</u>
Debts due within 1 year	29,120	214,629	450,571	<u>694,320</u>
Other current liabilities	817,229	706,002	600,214	<u>2,123,445</u>
Debts due after 1 year	98,280	1,906,799	766,969	<u>2,772,048</u>
Other non-current liabilities	239,071	152,661	153,266	<u>544,997</u>
Total liabilities	1,183,700	2,980,089	1,971,020	<u>6,134,809</u>

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

<u>Period ended 30th September 2014</u>	<u>Petrochemical</u>	<u>Fertiliser</u>	<u>Steel</u>	<u>Total</u>
Segment revenue	3,626,692	3,862,275	4,673,778	<u>12,162,745</u>
Cost of good sold	(1,580,706)	(2,148,806)	(3,553,186)	<u>(7,282,698)</u>
Depreciation / amortisation	(175,446)	(601,504)	(129,448)	<u>(906,398)</u>
Finance charges	(1,019)	(88,485)	(42,329)	<u>(131,833)</u>
Segment results	2,393,996	1,175,190	1,068,429	4,637,614
Unallocated income				98,710
Unallocated expenses				(16,183)
Profit for the period				<u>4,720,141</u>

	<i>Petrochemicals</i>	<i>Fertiliser</i>	<i>Steel</i>	<i>Total</i>
	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>	<i>QR'000</i>
As at 30th Sept. 2014 (Unaudited)				
Cash	1,537,703	845,736	1,447,384	3,830,823
Other current assets	1,725,479	1,464,217	4,353,403	7,543,099
Non-current assets	6,823,405	12,265,151	4,522,206	23,610,762
Total assets	<u>10,086,587</u>	<u>14,575,103</u>	<u>10,322,993</u>	<u>34,984,684</u>
Debts due within 1 year	14,560	214,139	356,740	585,439
Other current liabilities	1,097,381	751,451	633,819	2,482,650
Debts due after 1 year	127,400	2,121,525	1,396,413	3,645,338
Other non-current	275,996	173,367	188,630	637,994
Total liabilities	<u>1,515,337</u>	<u>3,260,482</u>	<u>2,575,602</u>	<u>7,351,421</u>