

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

**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2014**

INDUSTRIES QATAR Q.S.C.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the period ended September 30, 2014


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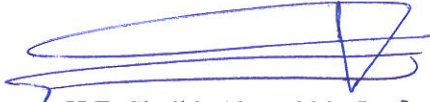
INDUSTRIES QATAR Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of September 30, 2014

	Notes	September 30, 2014 (Unaudited) QR'000	December 31, 2013 (Audited) QR'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	3,693,570	3,434,138
Investment properties		192,442	177,639
Investment in associates	5	233,773	223,132
Investment in joint ventures	6	20,269,359	19,879,279
Available-for-sale investments		903,744	752,708
Catalysts		37,807	41,538
Total non-current assets		25,330,696	24,508,434
Current assets			
Inventories		1,698,038	1,848,210
Accounts receivable and prepayments		1,387,858	1,454,640
Due from related parties		36,879	33,882
Financial asset at fair value through profit or loss		3,585	3,585
Bank balances and cash	3	5,107,617	7,683,305
		8,233,976	11,023,622
Asset classified as held for sale		1,245,747	1,245,747
Total current assets		9,479,723	12,269,369
TOTAL ASSETS		34,810,419	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		540,825	391,159
Hedging reserve		(284,230)	(366,276)
Retained earnings		25,692,504	27,627,365
Total equity		32,074,098	33,777,247
Non-current liabilities			
Interest bearing loans and borrowings	7	1,396,413	1,662,467
Employees' end of service benefits		137,775	120,129
Other financial liabilities		50,855	81,824
Total non-current liabilities		1,585,043	1,864,420
Current liabilities			
Accounts payable and accruals		774,981	808,857
Due to related parties		19,557	14,555
Interest bearing loans and borrowings	7	356,740	312,724
Total current liabilities		1,151,278	1,136,136
Total liabilities		2,736,321	3,000,556
TOTAL EQUITY AND LIABILITIES		34,810,419	36,777,803


H.E. Dr. Mohamed Bin Saleh Al-Sada
Minister of Energy and Industry
Chairman


H.E. Sheikh Ahmed bin Jassim Al-Thani
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 nine month period ended September 30, 2014

	<u>Notes</u>	Nine month period ended	
		September 30	
		2014	2013
		(Unaudited)	(Unaudited)
		QR'000	QR'000
Revenues		4,673,778	4,434,294
Cost of sales		(3,553,186)	(2,981,708)
Gross profit		1,120,592	1,452,586
Other income		237,690	160,848
General and administrative expenses		(142,165)	(115,586)
Selling expenses		(38,783)	(25,580)
Finance costs		(42,329)	(45,159)
Share of results of associates		15,641	(1,899)
Share of result of joint ventures		3,569,495	4,914,001
Profit for the period		4,720,141	6,339,211
Basic and diluted earnings per share			
(expressed as QR per share)			
From continuing and discontinued operations			
Basic and diluted earnings per share	8	7.80	10.48
From continuing operations			
Basic and diluted earnings per share		7.80	10.48

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 nine month period ended September 30, 2014

	<u>Nine month period ended</u>	
	<u>September 30</u>	
	2014	2013
	(Unaudited)	(Unaudited)
	QR'000	QR'000
Profit for the period	4,720,141	6,339,211
Other comprehensive income (loss):		
Net movement in fair value cash flow hedges	149,664	68,163
Net movement in fair value of available-for-sale investments	82,046	135,240
Share of other comprehensive income of associates	--	8,368
Other comprehensive income / (loss) for the period	231,709	211,771
Total comprehensive income for the period	4,951,851	6,550,982

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CONSOLIDATED FINANCIAL STATEMENTS

INDUSTRIES QATAR Q.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine month period ended September 30, 2014

	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, 2013 (Audited) (Restated)	5,500,000	74,999	279,892	(559,576)	25,039,096	30,334,411
Profit for the period	--	--	--	--	6,339,211	6,339,211
Other comprehensive income for the period	--	--	68,162	143,608	--	211,770
Bonus shares issued	550,000	--	--	--	(550,000)	--
Dividends paid (Note 9)	--	--	--	--	(4,675,000)	(4,675,000)
Balance at September 30, 2013	6,050,000	74,999	348,054	(415,968)	26,153,307	32,210,392
Balance at January 1, 2014 (Audited)	6,050,000	74,999	391,160	(366,276)	27,627,363	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 30, 2014 (Unaudited)	6,050,000	74,999	540,824	(284,230)	25,692,504	32,074,098

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 nine month period ended September 30, 2014

	For the nine month period ended	
	September 30	
	2014 (Unaudited) QR'000	2013 (Unaudited) QR'000
OPERATING ACTIVITIES		
Profit for the period	4,720,141	6,339,211
Adjustments for:		
Depreciation and amortisation	129,448	118,187
Provision for employees' end of service benefits	30,230	24,392
Share of results of associates	(15,641)	3,109
Share of results of joint ventures	(3,569,495)	(4,915,211)
Loss on disposal of property, plant and equipment	8,496	2,780
Dividend received from available for sale investment	(26,997)	(22,707)
Finance costs	42,329	45,159
Loss from disposal of financial asset at fair value through profit or loss	--	504
Fair value gain on investment properties	14,803	--
Interest income	(52,213)	(72,969)
	<u>1,251,494</u>	<u>1,522,455</u>
Working capital changes:		
Inventories	150,172	(64,729)
Accounts receivable and prepayments and due from related parties	63,784	(180,906)
Accounts payable and accruals	169,724	54,564
Cash from operations	<u>1,635,174</u>	<u>1,331,384</u>
Finance charges paid	(42,329)	(45,159)
Employees' end of service benefits paid	(12,584)	(14,967)
Contribution to social and sports fund	(198,598)	(213,227)
Net cash from operating activities	<u>1,381,663</u>	<u>1,058,031</u>
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	23	1,889
Additions to property, plant and equipment, catalysts and other assets	(393,668)	(307,418)
Additions to available-for-sale investments	(1,372)	--
Investments in joint ventures and associates	--	(70)
Movement in fixed deposits	2,477,800	(976,850)
Dividend received from available-for-sale investments	26,997	22,707
Proceeds from disposal of investments	--	3,066
Dividends received from joint ventures	3,230,491	4,728,436
Dividends received from associates	5,000	5,000
Interest income received	52,213	72,969
Net cash from investing activities	<u>5,397,485</u>	<u>3,549,730</u>
FINANCING ACTIVITIES		
Proceeds from interest bearing loans and borrowings	--	546,225
Repayment of interest bearing loans and borrowings	(222,038)	(125,718)
Dividends paid	(6,655,000)	(4,675,000)
Net cash used in financing activities	<u>(6,877,038)</u>	<u>(4,254,493)</u>
Net increase/decrease in cash and cash equivalents	(97,889)	353,268
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>1,541,417</u>	<u>1,927,018</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 nine month period ended September 30, 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 nine month period ended September 30, 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, except for the adoption of new and revised standards and interpretations effective as of January 1, 2014.

In the current financial period, the Group has adopted certain new and revised standards and interpretations, mainly including:

- IAS 32 (Revised) *Financial Instruments: Presentation – Amendments to clarify existing application issues relating to the offsetting requirements.*

INDUSTRIES QATAR Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

- IFRS 10, 12 and IAS 27 (Revised) *Amendments to introduce an exception from the requirement to consolidate subsidiaries for an investment entity.*
- IAS 36 (Revised) *Amendments arising from recoverable amount disclosures for non-financial assets.*
- IAS 39 (Revised) *Amends IAS 39 Financial Instruments: Recognition and Measurement to make it clear that there is no need to discontinue hedge accounting if a hedging derivative is novated, provided certain criteria are met.*
- IFRIC 21 *Levies*

The adoption of these new / revised standards and interpretations did not have any impact on the financial position or financial performance of the Group as at and for the nine month period ended September 30, 2014.

3. CASH AND CASH EQUIVALENTS

	September 30, 2014 (Unaudited) QR'000	December 31, 2013 (Audited) QR'000
Bank balances and cash	<u>5,107,617</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:

	September 30, 2014 (Unaudited) QR'000	December 31, 2013 (Audited) QR'000
Bank balances and cash	5,107,617	7,683,305
Less: Fixed deposits maturing after 90 days	<u>(3,566,200)</u>	<u>(6,044,000)</u>
Cash and cash equivalents	<u>1,541,417</u>	<u>1,639,305</u>

4. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2014 (Unaudited) QR'000	December 31, 2013 (Audited) QR'000
Opening net book value	3,434,138	3,054,991
Additions	393,669	534,521
Disposals	(8,519)	(5,204)
Depreciation	<u>(125,718)</u>	<u>(150,170)</u>
Closing net book value	<u>3,693,570</u>	<u>3,434,138</u>

INDUSTRIES QATAR Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

5. INVESTMENTS IN ASSOCIATES

The Group has the following investments in associates:

	<u>Effective Ownership</u>	<u>Country of incorporation</u>	<u>September 30, 2014 (Unaudited) QR'000</u>	<u>December 31, 2013 (Audited) QR'000</u>
Qatar Metal Coating Company Q.S.C.	50.00%	Qatar	25,267	26,464
SOLB Steel Company (formerly known as South Steel Company W.L.L.)	31.03%	Saudi Arabia	208,506	196,668
			<u>233,773</u>	<u>223,132</u>

6. INTEREST IN JOINT VENTURES

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

	<u>September 30, 2014 (Unaudited) QR'000</u>	<u>December 31, 2013 (Audited) QR'000</u>
Balance at January 1	19,879,279	19,355,748
Share of results of joint ventures	3,569,495	6,238,090
Share of other comprehensive income	51,076	139,977
Dividends received	(3,230,491)	(5,854,536)
Balance at the end of the period	<u>20,269,359</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>	<u>September 30, 2014 (Unaudited) QR'000</u>	<u>December 31, 2013 (Audited) QR'000</u>
Loan 1	LIBOR plus applicable margin	Qatar Steel	USD	2018	1,029,989	1,162,039
Loan 2	LIBOR plus applicable margin	Qatar Steel	USD	2018	723,164	813,152
					<u>1,753,153</u>	<u>1,975,191</u>
Less: current portion					<u>(356,740)</u>	<u>(312,724)</u>
Total non-current portion					<u>1,396,413</u>	<u>1,662,467</u>

INDUSTRIES QATAR Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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,	
	2014	2013
	(Unaudited)	(Unaudited)
	QR'000	QR'000
Profit for the period from continuing and discontinued operations	4,720,141	6,339,211
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	7.80	10.48

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 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 10, 2014 (2013: QR 8.5 per share amounting to QR 4,675 million and a 10% bonus share of QR 550 million).

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:

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

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

	<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	10,086,587	14,575,103	10,322,993	34,984,684
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 liabilities	275,996	173,367	188,630	637,994
Total liabilities	1,515,337	3,260,482	2,575,602	7,351,421

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

	<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>
Period ended 30th September 2013 (Unaudited)				
Segment revenue	3,817,140	4,819,791	4,434,294	13,071,225
Cost of goods sold	(1,510,958)	(2,202,060)	(2,981,708)	(6,694,727)
Depreciation/amortisation	(145,526)	(573,109)	(118,187)	(836,822)
Finance charges	(14,981)	(93,948)	(45,159)	(154,088)
Segment results	2,817,862	2,097,349	1,387,957	6,303,168
Unallocated income				53,440
Unallocated expense				(17,397)
Profit for the period				6,339,211

	<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 31st December 2013 (Audited)				
Cash	1,228,310	1,281,346	1,384,113	3,893,769
Other current assets	2,177,618	1,335,379	4,530,877	8,043,874
Non-current assets	6,453,030	12,704,195	4,191,070	23,348,295
Total assets	9,858,957	15,320,921	10,106,060	35,285,937
Debts due within 1 year	--	213,943	312,724	526,667
Other current liabilities	1,844,499	857,977	495,407	3,197,883
Debts due after 1 year	91,182	2,227,575	1,662,467	3,981,224
Other non-current liabilities	272,972	198,926	201,953	673,851
Total liabilities	2,208,653	3,498,422	2,672,551	8,379,625