Industries Qatar Q.S.C.

Interim condensed consolidated financial statements and independent Auditor's review report for the six-month period ended 30 June 2016

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE SHAREHOLDERS OF INDUSTRIES QATAR Q.S.C.

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Industries Qatar Q.S.C. (the "Parent Company") and its subsidiaries (collectively "the Group") as of 30 June 2016 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended. Management is responsible for the preparation and presentation of this interim condensed consolidated financial statements in accordance with International Accounting Standard 34, 'Interim financial reporting' as issued by the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on this 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 interim financial statements 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements is not prepared, in all material respects, in accordance with International Accounting Standard 34 as issued by the IASB.

Other matter

The interim condensed consolidated financial statements for the six-month period ended 30 June 2015 and the consolidated financial statements of the Group for the year ended 31 December 2015 were reviewed and audited, respectively, by another firm of auditors who expressed an unqualified review conclusion and unqualified audit opinion in their reports dated 3 August 2015 and 4 February 2016, respectively.

Mohamed Elmoataz
PricewaterhouseCoopers – Qatar Branch

Auditor's registration number 281
Doha, 3 August 2016

(All amounts expressed in thousands of Qatari Riyals unless otherwise stated)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2016 (Reviewed)	31 December 2015 (Audited)
ASSETS			
Non–current assets			
Property, plant and equipment	4	3,718,579	3,795,882
Investment properties		3,553	3,553
Investment in associates	5	1,392,595	1,396,261
Investment in joint ventures	6	19,853,064	19,606,193
Available-for-sale investments		627,380	682,694
Catalysts		61,981	32,274
Total non-current assets		25,657,152	25,516,857
Current assets			
Inventories		1,139,444	1,435,720
Accounts receivable and prepayments		1,041,491	1,007,706
Due from related parties	7	251,464	773,493
Financial asset at fair value through profit or loss		3,585	3,585
Bank balances and cash	8	6,040,384	7,021,093
Total current assets		8,476,368	10,241,597
Total assets		34,133,520	35,758,454
EQUITY AND LIABILITIES			
EQUITY			
Share capital		6,050,000	6,050,000
Legal reserve		74,999	74,999
Cumulative changes in fair value		323,702	370,807
Hedging reserve		(99,561)	(131,794)
Retained earnings		26,200,875	27,260,592
Net equity		32,550,015	33,624,604
LIABILITIES			
Non-current liabilities			
Borrowings	9	451,042	676,328
Employees' end of service benefits		157,053	157,227
Total non-current liabilities		608,095	833,555
Current liabilities			
Accounts payable and accruals		498,804	798,732
Due to related parties	7	26,035	50,992
Borrowings	9	450,571	450,571
Total current liabilities		975,410	1,300,295
Total liabilities		1,583,505	2,133,850
Total equity and liabilities		34,133,520	35,758,454

This interim condensed consolidated financial statements was approved by the Board of Directors and authorised for issue on 3 August 2016 by:

Saad Alkaabi

Saad Sherida Al Kaabi
Chairman and Managing Director

Abdulaziz Mohammed Al Mannai
Board Member

(All amounts expressed in thousands of Qatari Riyals unless otherwise stated)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		Six-month period ended 30 June	
	Note	**2016 (Reviewed)**	**2015 (Reviewed)**
Revenue		**2,430,957**	2,888,598
Cost of sales		**(1,740,571)**	(2,297,383)
Gross profit		**690,386**	591,215
Other income		**165,514**	121,953
General and administrative expenses		**(70,069)**	(88,317)
Selling expenses		**(16,413)**	(29,814)
Finance costs		**(7,163)**	(14,759)
Share of results of associates	5	**(5,987)**	(3,551)
Share of result of joint ventures	6	**1,217,222**	1,846,593
Other expenses		**(8,207)**	-
Profit for the period		**1,965,283**	2,423,320
Earnings per share			
Basic and diluted earnings per share (QR per share)	10	**3.25**	4.01

(All amounts expressed in thousands of Qatari Riyals unless otherwise stated)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Six-month period ended 30 June	
		2016 (Reviewed)	**2015 (Reviewed)**
Profit for the period		**1,965,283**	2,423,320
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net movement in fair value of cash flow hedges		**24,912**	30,909
Net movement in fair value of available-for-sale investments		**(47,105)**	28,089
Share of other comprehensive income of associates	5	**7,321**	-
Other comprehensive income for the period		**(14,872)**	58,998
Total comprehensive income for the period		**1,950,411**	2,482,318

(All amounts expressed in thousands of Qatari Riyals unless otherwise stated)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital	Legal reserve	Cumulative changes in fair value	Hedging reserve	Retained earnings	Total equity
Balance at 1 January 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 at 30 June 2015 (Reviewed)	6,050,000	74,999	528,757	(172,165)	25,350,353	31,831,944
Balance at 1 January 2016 (Audited)	**6,050,000**	**74,999**	**370,807**	**(131,794)**	**27,260,592**	**33,624,604**
Profit for the period	**-**	**-**	**-**	**-**	**1,965,283**	**1,965,283**
Other comprehensive income for the period	**-**	**-**	**(47,105)**	**32,233**	**-**	**(14,872)**
Dividends paid (Note 11)	**-**	**-**	**-**	**-**	**(3,025,000)**	**(3,025,000)**
Balance at 30 June 2016 (Reviewed)	**6,050,000**	**74,999**	**323,702**	**(99,561)**	**26,200,875**	**32,550,015**

(All amounts expressed in thousands of Qatari Riyals unless otherwise stated)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Six-month period ended 30 June 2016 (Reviewed)	2015 (Reviewed)
Cash flows from operating activities			
Profit for the period		**1,965,283**	2,423,320
Adjustments for:			
Depreciation and amortisation		**110,925**	105,457
Provision for employees' end of service benefits - net		**(174)**	7,054
Impairment of available-for-sale investment		**8,207**	-
Share of results of associates	5	**5,987**	3,551
Share of results of joint ventures	6	**(1,217,222)**	(1,846,593)
Loss on disposal of property, plant and equipment		**2,470**	7,192
Finance costs		**7,163**	14,759
Gain on disposal of investment in joint venture		**-**	(1,455)
Interest income		**(84,223)**	(5,691)
Dividends received from available-for-sale investments		**(25,521)**	(16,465)
Operating cash flows before changes in working capital		**772,895**	691,129
Changes in working capital:			
Inventories		**296,276**	675,092
Accounts receivable and prepayments		**(33,785)**	(66,371)
Due from related parties		**522,029**	(77,183)
Accounts payable, accruals and due to related parties		**(226,140)**	(270,333)
Cash generated from operating activities		**1,331,275**	952,334
Contribution to social and sports fund		**(111,412)**	(151,949)
Net cash generated from operating activities		**1,219,863**	800,385
Cash flows from investing activities			
Proceeds from disposals of property, plant and equipment		**100**	-
Additions to property, plant and equipment		**(65,899)**	(71,210)
Disposal of investments in joint venture		**-**	5,000
Movement in fixed deposits		**825,014**	1,190,200
Dividends received from available-for-sale investments		**25,521**	16,465
Dividends received from joint ventures	6	**995,263**	2,008,858
Dividends received from associates		**5,000**	4,000
Interest income received		**84,223**	5,691
Net cash generated from investing activities		**1,869,222**	3,159,004
Cash flows from financing activities			
Proceeds from borrowings		**-**	1,351,711
Finance costs paid		**(7,163)**	(14,759)
Repayment of borrowings	9	**(225,286)**	(1,716,616)
Dividends paid to the shareholders		**(3,025,000)**	(4,235,000)
Net cash used in financing activities		**(3,257,449)**	(4,614,664)
Net decrease in cash and cash equivalents		**(168,364)**	(655,275)
Cash and cash equivalents as of beginning of the period		**956,264**	1,481,127
Cash and cash equivalents as of end of the period	8	**787,900**	825,852

(All amounts expressed in thousands of Qatari Riyals unless otherwise stated)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

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

IQ and its subsidiaries and joint ventures (together "the Group") operate mainly in the State of Qatar.

Through the Group companies, IQ operates in three main distinct segments: petrochemicals, fertilisers and steel. More information about the Group activities is given in note 13. The structure of the Group, included in these interim condensed consolidated financial statements is as follows:

	Type of interest	**Country of incorporation**	**Percentage of holding**
Qatar Steel Company Q.S.C.	Subsidiary	Qatar	100%
Qatar Steel Company FZE (Dubai)	Subsidiary	UAE	100%
Qatar Steel Industrial and Investment Company S.P.C.	Subsidiary	Qatar	100%
Qatar Steel Rebar Fabrication Facility S.P.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 and associate companies using equity accounting:

	Type of interest	**Country of incorporation**	**Percentage of holding**
Qatar Petrochemical Company (QAPCO) Q.S.C.	Joint venture	Qatar	80%
Qatar Fertiliser Company (QAFCO) Q.S.C.C.	Joint venture	Qatar	75%
Qatar Fuel Additives Company (QAFAC) Limited Q.S.C.	Joint venture	Qatar	50%
SOLB Steel Company(SSC)	Associate	KSA	31.03%
Qatar Metals Coating Company W.L.L.	Associate	Qatar	50%
Foulath Holding B.S.C.	Associate	Bahrain	25%

The Qatar Companies Law No. 11 of 2015 (Companies Law) which is applicable to the Group has come into effect from 16 June 2015. The Group has until February 2017 to fully comply with the Companies Law under the transitional provisions set out therein. However, the Executive Regulations necessary to apply the Companies Law have not been yet issued by the Minister of Economy and Commerce. Therefore, the Group has to continue to apply the provisions of the preceding Companies Law No. 5 of 2002, as long as they do not contradict with the new Companies Law. The Group is currently assessing and evaluating the relevant provisions of the Companies Law and do not anticipate significant impact on its current activities or Articles of Incorporation.

The interim condensed consolidated financial statements of the Group for the six month period ended 30 June 2016 was approved and authorised for issue by the Board of Directors on 3 August 2016.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

This interim condensed consolidated financial statements for the six months ended 30 June 2016 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The interim condensed financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2015, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

2.2 Accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

Amendments to IFRSs effective for the financial year ending 31 December 2016 are not expected to have a material impact on the Group.

(a) New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2016:

- Annual improvements 2012-2014 cycle
- Amendment to IFRS 11 'Joint arrangements' on Accounting for acquisitions of interests in joint operations.
- Amendments to IAS 16, 'Property plant and equipment' and IAS 38, 'Intangible assets' on clarification of acceptable methods of depreciation and amortisation.
- Amendments to IAS 27, 'Separate financial statements' on equity method in separate financial statements.
- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates', on Investment entities: Applying the consolidation exception.
- Amendments to IAS 1, 'Presentation of financial statements' Disclosure initiative.
- Amendments to IFRS 10, 'Consolidated financial statements' and IAS 28, 'Investments in associates' on the sale or contribution between an investor and its associate or joint venture.

Other amendments to IFRS effective for the financial year ending 31 December 2016 are not expected to have material impact on the Group.

(b) New and amended standards not yet adopted by the Group

- Amendment to IAS 12, 'Income taxes', 'Recognition of deferred tax assets for unrealised losses' (Annual periods beginning on or after 1 January 2017).

- Amendment to IAS 7, 'Cash flow statements', Disclosure initiative (Annual periods beginning on or after 1 January 2017).

- IFRS 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The standard does not need to be applied until 1 January 2018 but is available for early adoption. The Group is currently assessing whether it should adopt IFRS 9 before its mandatory date.

  The financial assets held by the Group are equity instruments currently classified as AFS for which a FVOCI election is available; accordingly, the Group does not expect the new guidance to have a significant impact on the classification and measurement of its financial assets.

  There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

  The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at FVOCI, contract assets under IFRS 15 Revenue from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet undertaken a detailed assessment of how its impairment provisions would be affected by the new model, it may result in earlier recognition of credit losses.

  The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

- IFRS 15 "Revenue from contracts with customers" was issued by the IASB for the recognition of revenue. This will replace IAS 18 which covers revenue arising from the sale of goods and the rendering of services and IAS 11 which covers construction contracts.

  The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption. The new standard is effective for first interim periods within annual reporting periods beginning on or after 1 January 2018, and will allow early adoption.

  Management is currently assessing the effects of applying the new standard on the Group's financial statements and has identified the following areas that are likely to be affected.

  Accounting for costs incurred in fulfilling a contract – certain costs which are currently expensed may need to be recognised as an asset under IFRS 15, and rights of return – IFRS 15 requires separate presentation on the balance sheet of the right to recover the goods from the customer and the refund obligation.

  At this stage, the Group is not able to estimate the effect of the new rules on the Group's financial statements. The Group will make more detailed assessments of the effect over the next twelve months. The Group does not expect to adopt the new standard before 1 January 2018.

- IFRS 16 "Leases" was issued in January 2016. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

  The standard will affect primarily the accounting for the Group's operating leases. As at the reporting date, the Group has non-cancellable operating lease commitments of QR 205 million. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

  Some of the commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under IFRS 16.

  The standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date.

The Group has not early adopted any other standards, interpretations or amendments that have been issued but are not yet effective.

3. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of interim condensed financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty are summarized below:

a) Critical judgments in applying accounting policies

The following are the critical judgements, 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 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 39 on classifying investments.

Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the condensed consolidated financial statements continue to be prepared on a going concern basis.

b) 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.

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.

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 costs of items of property and equipment are depreciated on a systematic basis over the estimated useful lives of the assets. Management has determined the estimated useful lives of each asset and/ or category of assets based on the following factors:
- Expected usage of the assets,
- Expected physical wear and tear, which depends on operational and environmental factors; and
- Legal or similar limits on the use of the assets.

Management has not made estimates of residual values for any items of property and equipment at the end of their useful lives as these have been deemed to be insignificant.

(All amounts expressed in thousands of Qatari Riyals unless otherwise stated)

Revaluation and impairment 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. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. During August 2015, the government notified the Group that they intended to acquire these investment properties at a value substantially less than the carrying amount. Accordingly the Group has provided for an impairment amounting to QR 195 million, to write-down the value of the investment properties to its recoverable amount at 31 December 2015.

Investment in associates- Recoverable amount

As required by IFRS, the Group assessed its investments in associates for impairment by comparing the recoverable amount of each, to its carrying value. The recoverable amount is estimated by the Group using the "value in use". The value in use calculations are done based on the following assumptions

- Discount rates: 12%-12.5 %
- Utilization of capacity: 60% - 100%
- Earnings before Interest and Tax (EBITA): 12%-15%
- Terminal period growth rate: 3%-4%

Restoration obligations

As required by IAS 37, the Group assess the following criteria is met to recognise provisions:

- whether the Group has a present obligation as a result of a past event,
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and;
- a reliable estimate can be made of the amount of the obligation.

As explained in note 12, Qatar steel Q.S.C., QAFAC, QAFCO and QAPCO, comprising the Group main entities have entered into different land lease agreements with Qatar Petroleum ("QP"), the Parent company. Under the lease agreements, the Group might be required to make payments for site restoration at the option of the Parent company. It has been assessed that the optionality given to the Parent company makes it more likely to acquire the plant from the Group rather than restoring the site at the cost of the Group. Therefore, the criteria to recognise provision for restoration obligation is not fully met and no provision has been recognised in this interim condensed consolidated financial statements.

The lease period for the Group main entities are as follows:

	Start of the lease	Expiry of the lease
Qatar Steel Q.S.C.	2005	2030
QAFAC	2002	2024
QAFCO		
Lease 1	2009	2029
Lease 2	2007	2032
QAPCO	2005	2030

Income tax

As a company listed in Qatar Stock Exchange, IQ is exempt from tax under Law 17 of 2014 (replacing Law 20 of 2008). Industry tax practice has developed such that this exemption extends to subsidiaries, associates and joint ventures of listed companies. Any tax clauses agreed under a joint venture agreement ("JVA") and approved by the Ministry of Finance / Qatar Tax Department ("QTD") will take precedence over the Qatar tax law. The main joint ventures (QAPCO, QAFCO and QAFAC) are subject to different income tax arrangements and they adopt different accounting practices for the recognition of the tax due to QTD.

(All amounts expressed in thousands of Qatari Riyals unless otherwise stated)

It has been agreed by the parties to the joint venture agreements, that each party is responsible for its own tax and therefore, the foreign shareholder's share of profits is adjusted for 100% of the tax payable to the QTD. Accordingly, QAPCO and QAFAC make payments to the QTD for the taxes due on the share of foreign shareholders and make payments to IQ in amounts equal to assumed tax on IQ share. The amounts received by IQ from the joint ventures are recognised as dividend income. For QAFCO, the foreign shareholder compensate the joint venture for the tax payable to the QTD.

The management of the Group assesses that no further tax liability exist on the Group beyond what is recorded and remitted to the QTD and that the dividends received from the joint ventures in lieu of tax reflects the understanding between the parties of the joint ventures.

4. PROPERTY, PLANT AND EQUIPMENT

	Building	Plant machinery and equipment	Heavy duty mobile equipment	Furniture and fixtures	Motor Vehicles	Computer Equipment	Capital work in progress	Total
At 31 December 2015								
Cost	690,279	5,458,289	45,460	32,186	943	57,936	222,453	6,507,546
Accumulated depreciation	(336,469)	(2,281,538)	(19,557)	(27,377)	(936)	(45,787)	-	(2,711,664)
Net book value	353,810	3,176,751	25,903	4,809	7	12,149	222,453	3,795,882
At 30 June 2015								
Opening net book value	**353,810**	**3,176,751**	**25,903**	**4,809**	**7**	**12,149**	**222,453**	**3,795,882**
Additions	**-**	**-**	**-**	**-**	**-**	**-**	**31,777**	**31,777**
Transfers	**9,085**	**39,717**	**819**	**-**	**-**	**3,779**	**(53,400)**	**-**
Disposals	**-**	**(291)**	**(2,210)**	**(68)**	**-**	**-**	**-**	**(2,569)**
Charge for the period	**(11,462)**	**(90,885)**	**(1,461)**	**(520)**	**(1)**	**(2,182)**	**-**	**(106,511)**
Net book value	**351,433**	**3,125,292**	**23,051**	**4,221**	**6**	**13,746**	**200,830**	**3,718,579**
At 30 June 2016								
Cost	**699,364**	**5,497,715**	**44,069**	**32,118**	**943**	**61,715**	**200,830**	**6,536,754**
Accumulated depreciation	**(347,931)**	**(2,372,423)**	**(21,018)**	**(27,897)**	**(937)**	**(47,969)**	**-**	**(2,818,175)**
Net book value	**351,433**	**3,125,292**	**23,051**	**4,221**	**6**	**13,746**	**200,830**	**3,718,579**

5. INVESTMENT IN ASSOCIATES

The carrying amount of equity-accounted investments has changed as follows in the six months to June 2016:

	30 June 2016 (Reviewed)	**30 June 2015 (*Restated)**
Balance at the beginning of period	**1,396,261**	1,478,554
Dividends received from associates	**(5,000)**	(4,000)
Share of results for the period from associates	**(5,987)**	(3,551)
Net share of other comprehensive income for the period from associates	**7,321**	-
Balance at the end of period	**1,392,595**	1,471,003

* The Group's investment in Foulath Holding B.S.C was classified as held for sale under IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" until the issuance of the interim condensed consolidated financial statements of the Group for the half-year ended 30 June 2015. Subsequently, it was determined that the criteria required for the classification of an investment as held for sale was no longer met and therefore, this investment was reclassified as an investment in associate under IAS 28 "Investments in Associates". Accordingly, the opening balance of 2015 for investments in associates was restated to include the equity interest of the group in Foulath Holding B.S.C at 1 January 2015 amounting to QR 1,245,747.

(All amounts expressed in thousands of Qatari Riyals unless otherwise stated)

6. INVESTMENT IN JOINT VENTURES

	30 June 2016 (Reviewed)	30 June 2015 (Reviewed)
Balance at the beginning period	**19,606,193**	20,561,861
Share of results of joint ventures	**1,217,222**	1,846,593
Share of other comprehensive income	**24,912**	30,909
Disposal of investment in joint venture	**-**	(3,545)
Dividends received	**(995,263)**	(2,008,858)
Balance at the end of the period	**19,853,064**	20,426,960

The summarised financial statements in respect of the Group's joint ventures is as follows:

Financial position as of 30 June 2016 (Reviewed)

	QAPCO	QAFAC	QAFCO	Total
Current assets	**2,492,240**	**572,180**	**4,023,345**	**7,087,765**
Non-current assets	**7,122,528**	**1,576,160**	**14,889,383**	**23,588,071**
Current liabilities	**(1,004,634)**	**(254,905)**	**(985,063)**	**(2,244,602)**
Non-current liabilities	**(84,421)**	**(444,940)**	**(2,390,671)**	**(2,920,032)**
Net assets	**8,525,713**	**1,448,495**	**15,536,994**	**25,511,202**
Group's share of net assets	**6,820,570**	**724,248**	**11,652,746**	**19,197,564**

Financial position as of 31 December 2015 (Audited)

	QAPCO	QAFAC	QAFCO	Total
Current assets	2,359,376	877,212	4,307,318	7,543,906
Non-current assets	7,255,074	1,617,903	15,407,761	24,280,738
Current liabilities	(1,231,039)	(548,354)	(1,199,608)	(2,979,001)
Non-current liabilities	(83,432)	(494,455)	(2,552,697)	(3,130,584)
Net assets	8,299,979	1,452,306	15,962,774	25,715,059
Group's share of net assets	6,639,983	726,153	11,972,081	19,338,217

Profit or loss and other comprehensive income for the six month period ended 30 June 2016 (Reviewed)

	QAPCO	QAFAC	QAFCO	Total
2016				
Revenues	**1,916,474**	**777,026**	**2,698,712**	**5,392,212**
Other income	**461,736**	**4,170**	**10,649**	**476,555**
Total cost and expenses	**(966,212)**	**(679,250)**	**(2,660,493)**	**(4,305,955)**
Net Profit	**1,411,998**	**101,946**	**48,868**	**1,562,812**
Group's share of net profit	**1,129,598**	**50,973**	**36,651**	**1,217,222**
Group's share of other comprehensive income	**4,189**	**-**	**20,722**	**24,911**
Total Group's share	**1,133,787**	**50,973**	**57,373**	**1,242,133**

(All amounts expressed in thousands of Qatari Riyals unless otherwise stated)

7. Related parties

7.1 Related party transactions

Related parties represent associated companies, major shareholders, directors and key management personnel of the Group, and entities controlled, jointly controlled or significantly influenced by such parties. 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 are as follows:

Goods and services provided to related parties

	Sales	Other income	Management fees
Six month period ended 30 June 2016 (Reviewed)			
Ultimate parent			
Qatar Petroleum	**-**	**57**	**-**
Associates and their subsidiaries			
Qatar Metals Coating Company W.L.L	**115,032**	**-**	**4,824**
SULB Company B.S.C	**10,839**	**-**	**-**
Entities under common control			
GASAL Company	**-**	**27**	**-**
Qatar Steel International Company Q.P.S.C.	**-**	**1,345**	**-**
	125,871	**1,429**	**4,824**
Six month period ended 30 June 2015 (Reviewed)	167,618	3,853	461

Goods and services received from related parties

	Purchases	Administrative expense
Six month period ended 30 June 2016 (Reviewed)		
Ultimate parent		
Qatar Petroleum	**57,545**	**4,170**
Associates and their subsidiaries		
Qatar Metals Coating Company W.L.L	**47,234**	**-**
Bahrain Steel B.S.C	**152,479**	**-**
Joint venture		
QAFCO	**-**	**372**
Entities under common control		
Mesaieed Industrial City (MIC)		**8,277**
GASAL Company	**25,469**	**-**
Woqod	**3,544**	**-**
	286,271	**12,819**
Six month period ended 30 June 2015 (Reviewed)	87,052	14,564

(All amounts expressed in thousands of Qatari Riyals unless otherwise stated)

7.2 Related party balances

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

	Relationship	30 June 2016 (Reviewed)	31 December 2015 (Audited)
Due from related parties:			
Qatar Petrochemical Company Q.S.C.	Joint venture	**185,291**	571,680
SOLB Steel Company (Kingdom of Saudi Arabia)	Associate	**58,459**	61,837
Qatar Steel International Company Q.P.S.C.	Under common control	**5,311**	-
Qatar Metal Coating Company W.L.L.	Associate	**-**	136,129
Gasal Company	Under common control	**2,403**	3,847
		251,464	773,493

	Relationship	30 June 2016 (Reviewed)	31 December 2015 (Audited)
Due to related parties:			
Qatar Petroleum	Ultimate Parent	**21,739**	22,292
Qatar Metal Coating Company W.L.L.	Associate	**1,283**	-
Mesaieed industrial city	Associate	**-**	1,283
Gasal Company	Associate	**3,013**	3,169
Bahrain Steel BSC (c)	Associate	**-**	24,248
		26,035	50,992

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are approved by the management. Outstanding balances as at 30 June 2016 and as at 31 December 2015 are unsecured and interest-free. There have been no guarantees provided or received for any related party receivables or payables.

Other guarantees with related parties

The Group has provided bank guarantees for its associates in respect of their borrowings from external banks. Total guarantees at the end of the period amounted to QR 598 million (2015: QR 340 million).

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	
	2016 (Reviewed)	2015 (Reviewed)
Board of Directors' sitting fees	**775**	775
Short term benefits to key management personnel	**8,503**	10,096
Qatari employees' pension fund contribution	**344**	386
	9,622	11,257

(All amounts expressed in thousands of Qatari Riyals unless otherwise stated)

8. BANK BALANCES AND CASH

	30 June 2016 (Reviewed)	31 December 2015 (Audited)
Bank balances and cash	**6,040,384**	7,021,093

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

	30 June 2016 (Reviewed)	31 December 2015 (Audited)
Bank balances and cash	**6,040,384**	7,021,093
Less: Fixed deposits with maturities after 90 days	**(5,100,800)**	(5,925,814)
Less: Dividend accounts	**(151,684)**	(139,015)
Cash and cash equivalents	**787,900**	956,264

Bank and cash balances includes restricted cash amounting to QR. 109 million (31 December 2015: QR 109 million), which relates to margin money placed with a bank against a guarantee in favour of one of the Group's associates.

9. BORROWINGS

Borrowing balances have changed as follow in the six month period ended 30 June 2016:

	Loan 1 (i)	Loan 2 (ii)	Total
Balance at the beginning of period	**673,304**	**453,595**	**1,126,899**
Repayments	**(134,566)**	**(90,720)**	**(225,286)**
Balance at end of period	**538,738**	**362,875**	**901,613**

Borrowings are presented in the interim condensed consolidated statement of financial position as follows:

	30 June 2016	31 December 2015
Non-current portion	**451,042**	676,328
Current portion	**450,571**	450,571
	901,613	1,126,899

(i) On 17 December 2014, the Group entered into a loan agreement for USD 222.5 million with HSBC Bank Middle East Limited in order 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 5 July 2015.

(ii) On 18 June 2015, the Group entered into a loan agreement for USD 150 million with National Bank of Abu Dhabi. 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 30 December 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 month ended 30 June	
	2016	**2015**
Profit for the period (QR'000)	**1,965,283**	2,423,320
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)	**3.25**	4.01

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

11. DIVIDENDS PAID

During the period, cash dividend of QR 5 per share amounting to QR 3,025,000 relating to 2015 were approved by the shareholders at the Annual General Meeting held on 24 February 2016 (2014: QR 7 per share amounting to QR 4,235 million).

12. 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:

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

	30 June 2016 (Reviewed)	**31 December 2015 (Audited)**
Financial guarantees	**600,672**	342,642
Letters of credit	**12,569**	21,004
Bank guarantees	**1,460**	1,460
Others	**24,227**	95,671
	638,928	460,777

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

	QAPCO	**QAFCO**	**Total**
As of 30 June 2016 (Reviewed)			
Letters of credit	32,664	1,529	34,193
Bank guarantees	100	773	873
	32,764	2,302	35,066

	QAPCO	**QAFCO**	**Total**
As of 31 December 2015 (Audited)			
Letters of credit	20,688	735,559	756,247
Bank guarantees	410	580	990
	21,098	736,139	757,237

The Group anticipates that no material liabilities will arise from the above guarantees and letter of credits, which are issued in the ordinary course of business.

Claims

During 2015, the Group received a claim from Qatar Mining Company, the previous joint venture partner of Qatar Steel International Company Q.P.S.C. amounting to USD 150 million. The Group management is confident that the Group is not liable or committed to such amount or to any other cash calls or additional investments into the joint venture. The Group's interest in "Qatar Steel International Company Q.P.S.C." was sold to Qatar Mining in 2015, as per the agreement dated 2 April 2015 for a total consideration of QR 5 million which represents the Group's contribution in the share capital of the joint venture. The legal formalities are in progress to transfer the ownership of the Group's interest in the joint venture, as at the reporting date.

Site restoration obligations

Qatar Steel Q.S.C., QAFAC, QAFCO and QAPCO, comprising the Group main entities have entered into different land lease agreements with the Parent company ("QP").

The lease agreement between QAFAC and QP dictates transfer of the plant to QP at the end of the joint venture term. Under the other agreements, the QP has the right, upon termination or expiration of the lease term, to notify the Group that it requires to either:

- transfer all the facilities to the lessor or a transferee nominated by the lessor, against a price acceptable by the Group; or
- remove the facilities and all the other properties from the land and restore it to at least the condition in which it was delivered to the Group entities, at the Group's cost and expense, unless otherwise is agreed with the lessor.

This consolidated condensed interim financial statements is prepared based on an assumption that QP is unlikely to opt for the second option, that is to impose site restoration on the Group. Therefore, no provision has been provided for such obligations.

13. OPERATING SEGMENT INFORMATION

The Group operates in the Gulf region. 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.

(All amounts expressed in thousands of Qatari Riyals unless otherwise stated)

(a) Operating segments:

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

	Petrochemicals	Fertilisers	Steel	Total
As of 30 June 2016 (Reviewed)				
Total revenue	**1,921,692**	**2,024,034**	**2,430,957**	**6,376,683**
Results:				
Segment profit	**1,180,571**	**36,651**	**680,153**	**1,897,375**
Share of results from associates	**-**	**-**	**(5,987)**	**(5,987)**
Total segment profit	**1,180,571**	**36,651**	**674,166**	**1,891,388**
Unallocated income:				
Interest income	**-**	**-**	**-**	**74,292**
Dividend income	**-**	**-**	**-**	**9,613**
Other income	**-**	**-**	**-**	**73**
	-	**-**	**-**	**83,978**
Unallocated expense:				
Board of Director's fees and expenses	**-**	**-**	**-**	**(3,854)**
Qatar Petroleum annual fee	**-**	**-**	**-**	**(3,718)**
Qatar Exchange fees/charges	**-**	**-**	**-**	**(1,084)**
Advertisements	**-**	**-**	**-**	**(346)**
Other expenses	**-**	**-**	**-**	**(1,081)**
	-	**-**	**-**	**(10,083)**
Profit for the period	**-**	**-**	**-**	**1,965,283**

	Petrochemicals	Fertilisers	Steel	Total
As of 30 June 2015 (Reviewed)				
Total revenue	2,164,060	2,509,309	2,888,598	7,561,967
Results:				
Segment profit	1,251,400	595,193	537,203	2,383,796
Share of results from associates	-	-	(3,551)	(3,551)
Total segment profit	1,251,400	595,193	533,652	2,380,245
Unallocated income:				
Interest income	-	-	-	35,081
Dividend income	-	-	-	11,899
Other income	-	-	-	1,869
	-	-	-	48,849
Unallocated expense:				
Qatar Petroleum annual fee	-	-	-	(4,144)
Qatar Exchange fees/charges	-	-	-	(1,084)
Advertisements	-	-	-	(346)
Other expenses	-	-	-	(200)
	-	-	-	(5,774)
Profit for the period	-	-	-	2,423,320

(All amounts expressed in thousands of Qatari Riyals unless otherwise stated)

The following table presents segmental assets regarding the Group's business segments as at 30 June 2016 and year ended 31 December 2015 respectively:

	Petrochemicals	Fertilisers	Steel	Total
Segment assets:				
As of 30 June 2016 (Reviewed)	**8,765,984**	**14,184,546**	**8,993,127**	**31,943,657**
As of 31 December 2015 (Audited)	8,939,117	14,786,309	9,183,681	32,909,107

The above segmental reporting relates only to the subsidiaries and joint venture companies.

Reconciliation of reportable segments total assets:

	30 June 2016 (Reviewed)	31 December 2015 (Audited)
Total assets for reportable segments	**31,943,657**	32,909,107
Other un-allocable assets	**10,107,245**	11,788,496
Recognition of investment in joint ventures using equity method of accounting	**16,018,691**	15,771,728
Elimination of investments in subsidiaries	**(985,451)**	(985,451)
Assets relating to joint ventures	**(22,950,530)**	(23,725,426)
Consolidated total assets at the period/ year	**34,133,612**	35,758,454

14. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

14.1 FINANCIAL RISK FACTORS

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as at 31 December 2015.

There have been no changes in the risk management department or in any risk management policies since the year end.

14.2 LIQUIDITY RISK

Compared to year end, there was no material change in the contractual undiscounted cash out flows for financial liabilities.

14.3 FAIR VALUE ESTIMATION

The table below analyses financial instruments carried at fair value, by valuation method.

The different levels have been defined as follows:

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

(All amounts expressed in thousands of Qatari Riyals unless otherwise stated)

As at 30 June 2016, all financial assets held by the Group were measured at fair value and fall under level 1 as in the table below:

	Total	**Level 1**	**Level 2**	**Level 3**
As of 30 June 2016 (Reviewed)				
Assets measured at fair value				
Available-for-sale investments	**627,380**	**627,380**	**-**	**-**
Financial asset at fair value through profit or loss	**3,585**	**3,585**	**-**	**-**

The following table presents the Group's financial assets that are measured at fair value at 31 December 2015.

	Total	**Level 1**	**Level 2**	**Level 3**
As of 31 December 2015 (Audited)				
Assets measured at fair value				
Available-for-sale investments	863,348	863,348	-	-
Financial asset at fair value through profit or loss	24,724	24,724	-	-

During the reporting period ended 30 June 2016 and 31 December 2015, 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.

There were no changes in valuation techniques during the periods.