

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

**UNAUDITED INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2015**

**INDUSTRIES QATAR Q.S.C.**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
For the period ended March 31, 2015

<b>INDEX</b>	<b>Page</b>
Interim condensed consolidated statement of financial position	1
Interim condensed consolidated statement of profit or loss	2
Interim condensed consolidated statement of other comprehensive income	3
Interim condensed consolidated statement of changes in equity	4
Interim condensed consolidated statement of cash flows	5
Notes to the interim condensed consolidated financial statements	6 to 12

**INDUSTRIES QATAR Q.S.C.**

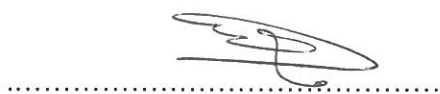
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As of March 31, 2015

	<b>Notes</b>	<b>March 31, 2015 (Unaudited) QR'000</b>	<b>December 31, 2014 (Audited) QR'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	3,827,875	3,856,255
Investment properties		198,364	198,364
Investment in associates	5	242,381	232,807
Investment in joint ventures		19,580,356	20,561,861
Available-for-sale investments		856,298	863,348
Catalysts		36,051	37,310
<b>Total non-current assets</b>		<b>24,741,324</b>	<b>25,749,945</b>
<b>Current assets</b>			
Inventories		1,937,983	2,143,430
Accounts receivable and prepayments		1,220,217	1,138,564
Due from related parties		94,649	81,926
Financial asset at fair value through profit or loss		3,585	3,585
Bank balances and cash	3	3,559,358	6,192,327
		6,815,792	9,559,832
Asset classified as held for sale		1,245,747	1,245,747
<b>Total current assets</b>		<b>8,061,539</b>	<b>10,805,579</b>
<b>TOTAL ASSETS</b>		<b>32,802,864</b>	<b>36,555,524</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		6,050,000	6,050,000
Legal reserve		74,999	74,999
Cumulative changes in fair value		493,619	500,668
Hedging reserve		(211,893)	(203,074)
Retained earnings		23,877,671	27,162,033
<b>Total equity</b>		<b>30,284,396</b>	<b>33,584,626</b>
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	6	990,654	451,802
Employees' end of service benefits		149,485	143,402
<b>Total non-current liabilities</b>		<b>1,140,139</b>	<b>595,204</b>
<b>Current liabilities</b>			
Accounts payable and accruals		909,885	1,049,406
Due to related parties		18,636	61,001
Interest bearing loans and borrowings	6	449,808	1,210,664
Other financial liabilities		-	54,623
<b>Total current liabilities</b>		<b>1,378,329</b>	<b>2,375,694</b>
<b>Total liabilities</b>		<b>2,518,468</b>	<b>2,970,898</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>32,802,864</b>	<b>36,555,524</b>



Mr. Saad Sherida Al-Kaabi  
Chairman and Managing Director



Mr. Mohammed Nasser Al-Hajri  
Vice Chairman

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

**INDUSTRIES QATAR Q.S.C.**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**  
For the three month period ended March 31, 2015

	<u>Notes</u>	<b>Three month period ended</b>	
		<b>March 31</b>	
		<b>2015</b>	<b>2014</b>
		<b>(Unaudited)</b>	<b>(Unaudited)</b>
		<b>QR'000</b>	<b>QR'000</b>
<b>Continuing operations</b>			
Revenues		1,312,440	1,322,788
Direct costs		(1,090,259)	(944,967)
<b>Gross profit</b>		<b>222,181</b>	<b>377,821</b>
Other income, net		23,113	27,279
Income from investments		48,875	43,730
General and administrative expenses		(44,648)	(45,133)
Selling expenses		(14,769)	(9,018)
Finance costs		(5,400)	(13,488)
Share of results of associates		9,573	6,079
Share of result of joint ventures		711,715	1,197,465
Profit for the period from continuing operations		<b>950,640</b>	<b>1,584,735</b>
<b>Discontinued operations</b>			
Profit (loss) for the period from discontinued operations		-	395
<b>Profit for the period</b>		<b>950,640</b>	<b>1,585,130</b>
<b>Basic and diluted earnings per share</b> (expressed as QR per share)			
<b>From continuing and discontinued operations</b>			
Basic and diluted earnings per share	7	<u>1.57</u>	<u>2.62</u>
<b>From continuing operations</b>			
Basic and diluted earnings per share	7	<u>1.57</u>	<u>2.62</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 OTHER COMPREHENSIVE INCOME**  
For the three month period ended March 31, 2015

---

	<b>Three month period ended</b>	
	<b>March 31</b>	
	<b>2015</b>	<b>2014</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
	<b>QR'000</b>	<b>QR'000</b>
<b>Profit for the period</b>	<b>950,640</b>	<b>1,585,130</b>
<b>Other comprehensive income (loss):</b>		
Net movement in fair value cash flow hedges	<b>(8,819)</b>	21,036
Net movement in fair value of available-for-sale investments	<b>(7,050)</b>	44,729
<b>Other comprehensive income / (loss) for the period</b>	<b>(15,869)</b>	<b>65,765</b>
<b>Total comprehensive income for the period</b>	<b>934,771</b>	<b>1,650,895</b>

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, 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 (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 8)	--	--	--	--	(6,655,000)	(6,655,000)
Balance at March 31, 2014 (Unaudited)	6,050,000	74,999	435,888	(345,239)	22,557,493	28,773,141
Balance at January 1, 2015 (Audited)	6,050,000	74,999	500,669	(203,074)	27,162,031	33,584,625
Profit for the period	--	--	--	--	950,640	950,640
Other comprehensive income for the period	--	--	(7,050)	(8,819)	--	(15,869)
Dividends declared for the year 2014 (Note 8)	--	--	--	--	(4,235,000)	(4,235,000)
<b>Balance at March 31, 2015 (Unaudited)</b>	<b>6,050,000</b>	<b>74,999</b>	<b>493,619</b>	<b>(211,893)</b>	<b>23,877,671</b>	<b>30,284,396</b>

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, 2015

	For the three month period ended	
	March 31	
	2015 (Unaudited) QR'000	2014 (Unaudited) QR'000
<b>OPERATING ACTIVITIES</b>		
Profit for the period	950,640	1,585,130
Adjustments for:		
Depreciation and amortisation	52,637	39,187
Provision for employees' end of service benefits	12,847	15,808
Share of results of associates	(9,573)	(6,079)
Share of results of joint ventures	(711,715)	(1,197,465)
Gain/(loss) on disposal of property, plant and equipment	5,633	(395)
Dividend received from available for sale investment	(28,364)	(17,347)
Finance costs	5,400	13,488
Loss from disposal of financial asset at fair value through profit or loss	-	3,813
Change in fair value of financial asset at fair value through profit or loss	-	-
Interest income	(36,975)	(33,883)
	<u>240,530</u>	<u>402,257</u>
Working capital changes:		
Inventories	205,447	(31,268)
Accounts receivable and prepayments and due from related parties	25,625	44,198
Changes in interest rate SWAPS liability	(54,623)	-
Accounts payable and accruals	(181,885)	166,558
Cash from operations	<u>235,092</u>	<u>581,745</u>
Finance charges paid	-	(13,488)
Employees' end of service benefits paid	(6,765)	(3,843)
Net cash from operating activities	<u>228,327</u>	<u>564,414</u>
<b>INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment and catalysts	(28,632)	(31,878)
Investments in associates and other assets	-	23
Net movement of financial asset at fair value through profit or loss	16,465	-
Dividend received from joint ventures	1,564,400	1,509,640
Movement in fixed deposits maturing after 90 days	2,201,200	4,369,000
Dividend received from available-for-sale investments	11,899	17,347
Interest income received	36,975	33,883
Net cash from investing activities	<u>3,802,308</u>	<u>5,898,015</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from interest bearing loans and borrowings	810,234	-
Repayment of interest bearing loans and borrowings	(1,032,238)	(64,795)
Finance charges paid	(5,400)	-
Dividends paid	8 (4,235,000)	(6,655,000)
Net cash used in financing activities	<u>(4,462,404)</u>	<u>(6,719,795)</u>
<b>Net increase/decrease in cash and cash equivalents</b>	<b>(431,769)</b>	<b>(257,367)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b><u>1,481,127</u></b>	<b><u>1,639,305</u></b>
<b>Cash and cash equivalents at the end of the period</b>	<b><u>1,049,358</u></b>	<b><u>1,381,939</u></b>

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, 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 three month period ended March 31, 2015 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2015.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended December 31, 2014.



**INDUSTRIES QATAR Q.S.C.**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**3. CASH AND CASH EQUIVALENTS**

	<b>March 31 2015 (Unaudited) QR'000</b>	<b>December 31, 2014 (Audited) QR'000</b>
Bank balances and cash	<u><b>3,559,358</b></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:

	<b>March 31 2015 (Unaudited) QR'000</b>	<b>December 31, 2014 (Audited) QR'000</b>
Bank balances and cash	<b>3,559,358</b>	6,192,327
Less: Fixed deposits maturing after 90 days	<u><b>2,510,000</b></u>	<u>(4,711,200)</u>
<b>Cash and cash equivalents</b>	<u><b>1,049,358</b></u>	<u>1,481,127</u>

**4. PROPERTY, PLANT AND EQUIPMENT**

	<b>March 31 2015 (Unaudited) QR'000</b>	<b>December 31, 2014 (Audited) QR'000</b>
Opening net book value	<b>3,856,256</b>	3,434,138
Additions	<b>29,202</b>	610,582
Disposals	<b>(6,205)</b>	(10,553)
Depreciation	<u><b>(51,378)</b></u>	<u>(177,912)</u>
Closing net book value	<u><b>3,827,875</b></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>	<b>March 31 2015 (Unaudited) QR'000</b>	<b>December 31, 2014 (Audited) QR'000</b>
Qatar Metal Coating Company Q.S.C.	50.00%	Qatar	<b>23,196</b>	23,701
SOLB Steel Company (formerly known as South Steel Company W.L.L.)	31.03%	Saudi Arabia	<b>219,185</b>	209,106
			<u><b>242,381</b></u>	<u>232,807</u>

**INDUSTRIES QATAR Q.S.C.**

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**6. INTEREST BEARING LOANS AND BORROWINGS**

	<u>Interest/ profit rate</u>	<u>Entity</u>	<u>Currency</u>	<u>Maturity Date</u>	<b>March 31 2015 (Unaudited) QR'000</b>	December 31, 2014 (Audited) QR'000
Loan 1	LIBOR plus applicable margin	Qatar Steel	USD	2018	<b>810,234</b>	1,029,989
Loan 2	LIBOR plus applicable margin	Qatar Steel	USD	2018	<b>630,228</b>	632,477
					<b>1,440,462</b>	1,662,466
Less: current portion					<b>(449,808)</b>	(1,210,664)
Total non-current portion					<b>990,654</b>	451,802

**7. 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:

	<b>Three month ended March 31 2015 (Unaudited) QR'000</b>	2014 (Unaudited) QR'000
Profit for the period from continuing and discontinued operations	<b>950,640</b>	1,585,130
Weighted average number of shares outstanding during the period (in thousands)	<b>605,000</b>	605,000
Basic and diluted earnings per share (expressed in QR per share) from continuing and discontinued operations	<b>1.57</b>	2.62

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.

**8. DIVIDENDS DECLARED**

During the period, cash dividend of QR 7.0 per share amounting to QR 4,235 million relating to 2014 were approved by the shareholders at the Annual General Meeting held on March 01, 2015 (2013: QR 11.0 per share amounting to QR 6,655 million).

## INDUSTRIES QATAR Q.S.C.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

#### 9. 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 2015	Petrochemical	Fertiliser	Steel	Total
Segment revenue	<u>1,122,148</u>	<u>1,351,356</u>	<u>1,312,440</u>	<u>3,785,944</u>
Cost of good sold	<u>(599,289)</u>	<u>(870,120)</u>	<u>(1,090,259)</u>	<u>(2,559,668)</u>
Depreciation / amortisation	<u>(110,827)</u>	<u>(201,399)</u>	<u>(52,637)</u>	<u>(364,864)</u>
Finance charges	<u>(7,574)</u>	<u>(27,043)</u>	<u>(5,400)</u>	<u>(40,017)</u>
Segment results	<u>378,295</u>	<u>333,420</u>	<u>211,438</u>	923,152
Unallocated income				30,533
Unallocated expenses				(3,045)
Profit for the period				<u>950,640</u>

As at 31st March 2015	Petrochemical	Fertiliser	Steel	Total
Cash	1,689,840	1,477,573	787,475	3,954,818
Other current assets	1,595,408	1,349,753	4,373,878	7,319,039
Non-current assets	6,876,069	11,973,346	4,651,360	23,500,775
Total assets	<u>10,161,317</u>	<u>14,800,672</u>	<u>9,812,713</u>	<u>34,774,632</u>
Debts due within 1 year	209,139	214,432	449,808	873,379
Other current liabilities	1,041,589	793,668	673,761	2,509,018
Debts due after 1 year	633,674	2,014,162	990,654	3,638,490
Other non-current liabilities	554,564	168,969	149,484	873,017
Total liabilities	<u>2,438,966</u>	<u>3,191,231</u>	<u>2,263,707</u>	<u>7,893,904</u>

## INDUSTRIES QATAR Q.S.C.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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 December 2014	Petrochemical	Fertiliser	Steel	Total
Cash	1,248,988	1,464,139	1,128,258	3,841,385
Other current assets	1,557,575	1,425,496	4,548,904	7,531,975
Non-current assets	6,802,905	12,112,035	4,668,761	23,583,701
Total assets	<u>9,609,468</u>	<u>15,001,670</u>	<u>10,345,923</u>	<u>34,957,061</u>
Debts due within 1 year	29,120	214,334	1,210,664	1,454,118
Other current liabilities	908,261	727,636	855,150	2,491,047
Debts due after 1 year	112,840	2,013,241	451,802	2,577,883
Other non-current liabilities	248,095	155,020	143,402	546,517
Total liabilities	<u>1,298,316</u>	<u>3,110,231</u>	<u>2,661,018</u>	<u>7,069,565</u>