# Industries Qatar Q.S.C.

## Interim condensed consolidated financial information and independent Auditor's review report for the six-month period ended 30 June 2017

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# INDEPENDENT AUDITOR'S REVIEW REPORT OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION 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 (together "the Group") as at 30 June 2017 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, and notes, comprising a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 'Interim financial reporting'. Our responsibility is to express a conclusion on this interim condensed consolidated financial information 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 information 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 information is not prepared, in all material respects, in accordance with International Accounting Standard 34 'Interim financial reporting'.

**For and on behalf of PricewaterhouseCoopers – Qatar Branch**
**Qatar Financial Market Authority registration number 120155**

**Mohamed Elmoataz**

Auditor's registration number 281
Doha, State of Qatar
8 August 2017

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

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Note | 30 June 2017 (Reviewed) | 31 December 2016 (Audited) |
|---|---|---|---|
| **ASSETS** | | | |
| **Non–current assets** | | | |
| Property, plant and equipment | 4 | **3,599,545** | 3,670,978 |
| Investment in associates | 5 | **1,414,396** | 1,451,409 |
| Investment in joint ventures | 6 | **18,824,726** | 18,342,580 |
| Available-for-sale investments | | **572,153** | 674,295 |
| Due from related party | 7 | **98,320** | - |
| **Total non-current assets** | | **24,509,140** | 24,139,262 |
| **Current assets** | | | |
| Inventories | | **1,517,881** | 1,243,570 |
| Fixed deposits | | **5,596,180** | 6,973,371 |
| Trade and other receivables | | **1,009,142** | 1,053,899 |
| Due from related parties | 7 | **359,954** | 674,001 |
| Financial asset at fair value through profit or loss | | **3,585** | 3,585 |
| Cash and cash equivalents | 8 | **1,039,795** | 1,098,144 |
| **Total current assets** | | **9,526,537** | 11,046,570 |
| **Total assets** | | **34,035,677** | 35,185,832 |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| **EQUITY** | | | |
| Share capital | | **6,050,000** | 6,050,000 |
| Legal reserve | | **74,999** | 74,999 |
| Cumulative changes in fair value | | **271,204** | 373,346 |
| Hedging reserve | | **(25,690)** | (54,142) |
| Retained earnings | | **26,259,618** | 27,069,762 |
| **Net equity** | | **32,630,131** | 33,513,965 |
| | | | |
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Borrowings | 9 | **-** | 225,758 |
| Employees' end of service benefits | | **190,718** | 214,983 |
| **Total non-current liabilities** | | **190,718** | 440,741 |
| **Current liabilities** | | | |
| Borrowings | 9 | **451,043** | 450,571 |
| Trade and other payables | | **632,658** | 674,414 |
| Due to related parties | 7 | **131,127** | 106,141 |
| **Total current liabilities** | | **1,214,828** | 1,231,126 |
| **Total liabilities** | | **1,405,546** | 1,671,867 |
| **Total equity and liabilities** | | **34,035,677** | 35,185,832 |

This interim condensed consolidated financial information was approved by the Board of Directors and authorised for issue on 8 August 2017 by:

**Saad Sherida Al-Kaabi**
Chairman and Managing Director

**Mohammed Nasser-Al Hajri**
Vice Chairman

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

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

| | Note | Six-month period ended 30 June 2017 (Reviewed) | 2016 (Reviewed - Restated) |
|---|---|---|---|
| Revenue | | **2,024,596** | 2,430,957 |
| Cost of sales | | **(1,680,653)** | (1,740,571) |
| **Gross profit** | | **343,943** | 690,386 |
| Other income | | **188,163** | 165,514 |
| General and administrative expenses | | **(123,557)** | (70,069) |
| Selling expenses | | **(16,279)** | (16,413) |
| Finance costs | | **(5,480)** | (7,163) |
| Share of results of associates | 5 | **63,090** | (5,987) |
| Share of result of joint ventures | 6 | **1,220,829** | 1,240,752 |
| Impairment of investments accounted for using the equity method | | **(60,853)** | - |
| Other expenses | | **-** | (8,207) |
| **Profit for the period** | | **1,609,856** | 1,988,813 |
| **Earnings per share** | | | |
| Basic and diluted earnings per share (QR per share) | 10 | **2.66** | 3.29 |

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

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | | Six-month period ended 30 June | |
|---|---|---|---|
| | **Note** | **2017 (Reviewed)** | **2016 (Reviewed - Restated)** |
| Profit for the period | | **1,609,856** | 1,988,813 |
| **Other comprehensive loss** | | | |
| **Items that may be reclassified subsequently to profit or loss** | | | |
| Net movement in fair value of cash flow hedges | 6 | **27,702** | 24,912 |
| Net movement in fair value of available-for-sale investments | | **(102,142)** | (47,105) |
| Share of other comprehensive income of associates | 5 | **750** | 7,321 |
| **Other comprehensive loss for the period** | | **(73,690)** | (14,872) |
| **Total comprehensive income for the period** | | **1,536,166** | 1,973,941 |

*(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 2016 (as previously reported)** | 6,050,000 | 74,999 | 370,807 | (131,794) | 27,260,592 | 33,624,604 |
| Prior year adjustment | - | - | - | - | (49,063) | (49,063) |
| **Restated balance at 1 January 2016** | 6,050,000 | 74,999 | 370,807 | (131,794) | 27,211,529 | 33,575,541 |
| Profit for the period (as previously reported) | - | - | - | - | 1,965,283 | 1,965,283 |
| Prior year restatement (Note 16) | - | - | - | - | 23,530 | 23,530 |
| Profit for the period (restated) | - | - | - | - | 1,988,813 | 1,988,813 |
| Other comprehensive loss for the period | - | - | (47,105) | 32,233 | - | (14,872) |
| Total comprehensive income for the half-year | - | - | (47,105) | 32,233 | 1,988,813 | 1,973,941 |
| Transaction with owners in their capacity as owners | | | | | | |
| Dividends paid (Note 11) | - | - | - | - | (3,025,000) | (3,025,000) |
| **Balance at 30 June 2016 (Reviewed - Restated)** | 6,050,000 | 74,999 | 323,702 | (99,561) | 26,175,342 | 32,524,482 |
| **Balance at 1 January 2017 (Audited)** | **6,050,000** | **74,999** | **373,346** | **(54,142)** | **27,069,762** | **33,513,965** |
| Profit for the period | **-** | **-** | **-** | **-** | **1,609,856** | **1,609,856** |
| Other comprehensive loss for the period | **-** | **-** | **(102,142)** | **28,452** | **-** | **(73,690)** |
| Total comprehensive income for the half-year | **-** | **-** | **(102,142)** | **28,452** | **1,609,856** | **1,536,166** |
| Transaction with owners in their capacity as owners | | | | | | |
| Dividends paid (Note 11) | **-** | **-** | **-** | **-** | **(2,420,000)** | **(2,420,000)** |
| **Balance at 30 June 2017 (Reviewed)** | **6,050,000** | **74,999** | **271,204** | **(25,690)** | **26,259,618** | **32,630,131** |

*(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 2017 (Reviewed) | 2016 (Reviewed - Restated) |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit for the period | | **1,609,856** | 1,988,813 |
| **Adjustments for:** | | | |
| Depreciation and amortisation | | **111,174** | 110,925 |
| Provision for employees' end of service benefits - net | | **(24,265)** | (174) |
| Impairment of available-for-sale investment | | **-** | 8,207 |
| Impairment of investments accounted for using the equity method | 5 | **60,853** | - |
| Share of results of associates | 5 | **(63,090)** | 5,987 |
| Share of results of joint ventures | 6 | **(1,220,829)** | (1,240,752) |
| Loss on disposal of property, plant and equipment | | **5,443** | 2,470 |
| Finance costs | | **5,480** | 7,163 |
| Interest income | | **(110,051)** | (84,223) |
| Dividends received from available-for-sale investment | | **(23,730)** | (25,521) |
| **Operating cash flows before changes in working capital** | | **350,841** | 772,895 |
| **Changes in working capital:** | | | |
| Inventories | | **(274,311)** | 296,276 |
| Trade and other receivables | | **44,757** | (33,785) |
| Due from related parties | 7 | **314,047** | 522,029 |
| Accounts payable, accruals and due to related parties | | **45,439** | (226,140) |
| **Cash generated from operating activities** | | **480,773** | 1,331,275 |
| Contribution to social and sports fund | | **(71,757)** | (111,412) |
| **Net cash generated from operating activities** | | **409,016** | 1,219,863 |
| | | | |
| **Cash flows from investing activities** | | | |
| Proceeds from disposals of property, plant and equipment | | **-** | 100 |
| Additions to property, plant and equipment | | **(45,184)** | (65,899) |
| Movement in fixed deposits | | **1,377,191** | 825,014 |
| Dividends received from available-for-sale investments | | **23,730** | 25,521 |
| Dividends received from joint ventures | 6 | **766,385** | 995,263 |
| Dividends received from associates | | **40,000** | 5,000 |
| Interest income received | | **110,051** | 84,223 |
| Loan to an associate | | **(98,320)** | - |
| **Net cash generated from investing activities** | | **2,173,853** | 1,869,222 |
| | | | |
| **Cash flows from financing activities** | | | |
| Finance costs paid | | **(5,480)** | (7,163) |
| Repayment of borrowings | 9 | **(225,286)** | (225,286) |
| Movements in dividend accounts | | **(9,548)** | - |
| Dividends paid to the shareholders | | **(2,410,452)** | (3,025,000) |
| **Net cash used in financing activities** | | **(2,650,766)** | (3,257,449) |
| | | | |
| **Net decrease in cash and cash equivalents** | | **(67,897)** | (168,364) |
| Cash and cash equivalents at beginning of period | | **964,323** | 956,264 |
| **Cash and cash equivalents at end of period** | 8 | **896,426** | 787,900 |

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

**Notes to the interim condensed consolidated financial information**

## 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 Qatar Commercial Companies Law No. 5 of year 2002, as replaced by Qatar Commercial Companies Law No. 11 of 2015, 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.

The Group is in the process of updating its Articles of Associations in accordance with the resolutions of the Extraordinary General Assembly meeting held on 28 February 2017, which included provisions to comply with the new Qatar Commercial Companies' Law number 11 of 2015.

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

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 information 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 information, 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 interim condensed consolidated financial information of the Group for the six month period ended 30 June 2017 was approved and authorised for issue by the Chairman and the Vice Chairman on 8 August 2017.

Diplomatic ties and transport links to the State of Qatar were cut off in early June 2017, by a number of member states of the Gulf Cooperation Council and certain other countries. The Group has a subsidiary in the United Arab Emirates, and investments in the Kingdom of Bahrain and Kingdom of Saudi Arabia. The Group also imports and exports steel related products from countries where a ban is imposed on commercial activities.

The Group is closely monitoring the effect of blockade and management is amending flow of operations and activities between Group entities as it deemed necessary.

**Notes to the interim condensed consolidated financial information**

## 2. Basis of preparation and significant accounting policies

### 2.1 Basis of preparation

This interim condensed consolidated financial information for the six months ended 30 June 2017 have been prepared in accordance with IAS 34, 'Interim financial reporting'.

The interim condensed consolidated financial information does not include all the notes and disclosures normally included in an annual financial statements. Accordingly, this report is to be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2016 and any public announcements made by the Group during the interim reporting period.

The interim condensed consolidated financial information 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.

### 2.2 Accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2016 except for the adoption of revised standards effective as of 1 January 2017. However, they do not materially impact the interim condensed consolidated financial information of the Group.

*(a) New and amended standards adopted by the Group*

A number of new or amended standards became applicable for the current reporting period. However, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

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

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below:

- 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.

**Notes to the interim condensed consolidated financial information**

## 2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Accounting policies (continued)

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

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 six 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 227 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.

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

**Notes to the interim condensed consolidated financial information**

## 3 CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of interim condensed consolidated financial information 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 information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2016 with the exception of changes in estimates that are required in determining impairment of investment in associate (note 5).

## 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 2016** | | | | | | | | |
| Cost | 699,723 | 5,655,083 | 41,437 | 32,441 | 642 | 61,525 | 213,680 | 6,704,531 |
| Accumulated depreciation | (359,306) | (2,513,958) | (18,495) | (27,847) | (638) | (48,715) | - | (2,968,959) |
| Accumulated impairment | - | (64,594) | - | - | - | - | - | (64,594) |
| Net book value | 340,417 | 3,076,531 | 22,942 | 4,594 | 4 | 12,810 | 213,680 | 3,670,978 |
| **At 30 June 2017** | | | | | | | | |
| Opening net book value | 340,417 | 3,076,531 | 22,942 | 4,594 | 4 | 12,810 | 213,680 | 3,670,978 |
| Additions | - | - | - | - | - | - | 45,184 | 45,184 |
| Transfers | 307 | 11,890 | 133 | 555 | - | 996 | (13,881) | - |
| Disposals | - | (16,422) | (112) | - | (20) | (702) | - | (17,256) |
| Depreciation charge | (11,203) | (95,471) | (1,398) | (495) | (1) | (2,606) | - | (111,174) |
| Depreciation charge on disposals | - | 10,984 | 109 | - | 20 | 700 | - | 11,813 |
| **Closing net book value** | **329,521** | **2,987,512** | **21,674** | **4,654** | **3** | **11,198** | **244,983** | **3,599,545** |
| **At 30 June 2017** | | | | | | | | |
| Cost | 700,030 | 5,650,551 | 41,458 | 32,996 | 622 | 61,819 | 244,983 | 6,732,459 |
| Accumulated depreciation | (370,509) | (2,598,445) | (19,784) | (28,342) | (619) | (50,621) | - | (3,068,320) |
| Accumulated impairment | - | (64,594) | - | - | - | - | - | (64,594) |
| **Net book value** | **329,521** | **2,987,512** | **21,674** | **4,654** | **3** | **11,198** | **244,983** | **3,599,545** |

## 5 INVESTMENT IN ASSOCIATES ACCOUNTED FOR USING EQUITY METHOD

The carrying amount of equity-accounted investments has changed as follows in the six month period ended 30 June 2017:

| | **30 June 2017 (Reviewed)** | **30 June 2016 (Reviewed)** |
|---|---|---|
| Balance at the beginning of the period | **1,451,409** | 1,396,261 |
| Share of results for the period from associates | **63,090** | (5,987) |
| Net share of other comprehensive income for the period from associates | **750** | 7,321 |
| Impairment loss (i) | **(60,853)** | - |
| Dividends received from associates | **(40,000)** | (5,000) |
| Balance at the end of the period | **1,414,396** | 1,392,595 |

**Notes to the interim condensed consolidated financial information**

## 5 INVESTMENT IN ASSOCIATES ACCOUNTED FOR USING EQUITY METHOD (CONTINUED)

During the six month period ended 30 June 2017, the Group has recognised its share of net results and other comprehensive income from one of its associates based on management accounts.

***Investment in associates: value in use (VIU) calculations***

In accordance with the accounting policy, whenever objective evidence of impairment is present the Group tests whether the significant investments in associates have suffered any impairment at each reporting period. The recoverable amount of each individual investment is determined based on the VIU calculations, which require the use of assumptions.

The calculations use cash flow projections based on financial budgets of the associate's management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the country in which each associate operates.

The following table sets out the key assumptions:

| | **Foulath Holding B.S.C. ©** | **SOLB Steel Company** |
|---|---|---|
| Average Sales volume annual growth rate (%) | **5%** | **16%** |
| Long term growth rate (%) | **3%** | **4%** |
| Budgeted gross margin average (%) | **15%** | **19%** |
| Discount rate (%) | **12%** | **12%** |

Management has determined the values assigned to each of the above key assumptions as follows:

| **Assumption** | **Approach used to determining values** |
|---|---|
| Average Sales volume annual growth rate (%) | Average annual growth rate over the five-year forecast period; based on past performance and management's expectations of market development. |
| Long-term growth rate (%) | This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports. |
| Budgeted gross margin average (%) | Based on past performance and management's expectations for the future. |
| Discount rate (%) | Reflect specific risks relating to the relevant industry and the countries in which the associates operate. |

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

**Notes to the interim condensed consolidated financial information**

## 5 INVESTMENT IN ASSOCIATES ACCOUNTED FOR USING EQUITY METHOD (CONTINUED)

### (i) SOLB Steel Company

During the recent period, SOLB Steel Company, an associate company, experienced significant down-turn in its operations, faced liquidity issues and did not meet certain debt covenants. This situation resulted from the imposed limitations to export, the location of the facility, as well as the static economic condition in which the associate operated.

These conditions indicated existence of impairment, so that Group management carried a VIU estimate to assess whether impairment charge is required. To do so, a recent business plan was used, which considered recent changes in market conditions and expected business outlook. One of the main changes to current market conditions was to allow the company to export freely. The assumptions used are presented in the table above.

During the six month period ended 30 June 2017, an impairment charge of QR 60.8 million was recognised by the Group for SOLB Steel Company, arriving at carrying amount that represents the recoverable amount of QR 189 million as at 30 June 2017.

The sensitivity of VIU to changes in key assumptions is presented below. The table summarizes the impact of the increase /decrease of the key assumptions used in the VIU calculation on the impairment charge and profit for the half-year:

| | Change in assumption | Impairment amount would have been QR'000 | | Impact on Profit for the half-year QR'000 | |
|---|---|---|---|---|---|
| | Increase or Decrease by | Increase in assumption | Decrease in assumption | Increase in assumption | Decrease in assumption |
| Discount rate (%) | 0.5% | (103,219) | (11,913) | (42,366) | 48,940 |
| Long-term growth rate (%) | 0.5% | N/A | (94,969) | N/A | (34,116) |
| Budgeted gross margin average (%) | 1% | (42,088) | (75,316) | 18,765 | (14,436) |
| Average Sales volume annual growth rate (%) | 1% | (47,801) | (107,784) | 13,052 | (46,931) |

The long term growth rate used by management equal to the inflation rate of the economy in which Solb Steel Company operates. Thus, it is unreasonable to sensitise upward this assumption.

### (ii) Foulath Holding B.S.C. ©

Since impairment charge was recognised for the investment in Foulath Holding in previous periods, the Group assessed whether changes to the recoverable amount may require an additional charge or reversal of impairment.

The management used approved budgets to develop its estimate of recoverable amount for Foulath Holding and employed the key assumptions presented in the previous page. Based on the analysis made, the VIU is estimated to exceed the carrying amount of Foulath Holding as at 30 June 2017 by QR 52 million. However, the recoverable amount of this associate would equal its carrying amount if the key assumptions were to change (with other assumptions remaining constant) as follows:

| | From | To |
|---|---|---|
| Average Sales volume annual growth rate (%) | 5% | 4.6% |
| Budgeted gross margin average (%) | 15% | 14% |
| Long-term growth rate (%) | 3% | 2.4% |
| Discount rate (%) | 12% | 12.4% |

The management is of the opinion that changes in assumptions are reasonably possible to occur, therefore, concluded that reversal of previously recognised impairment is premature in the current time.

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

**Notes to the interim condensed consolidated financial information**

## 6 INVESTMENTS IN JOINT VENTURES ACCOUNTED FOR USING EQUITY METHOD

| | 30 June 2017 (Reviewed) | 30 June 2016 (Reviewed - Restated) |
|---|---|---|
| Balance at the beginning of the period | **18,342,580** | 19,606,193 |
| Share of results for the period from joint ventures | **1,220,829** | 1,240,752 |
| Share of other comprehensive income for the period from joint ventures | **27,702** | 24,912 |
| Dividends received from joint ventures | **(766,385)** | (995,263) |
| Balance at the end of the period | **18,824,726** | 19,876,594 |

## 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 2017 (Reviewed)** | | | |
| *Associates and their subsidiaries* | | | |
| Qatar Metals Coating Company W.L.L | **36,912** | **-** | **1,021** |
| SOLB Steel Company | **65,131** | **-** | **-** |
| SULB Company B.S.C | **-** | **6,665** | **-** |
| *Entities under common control* | | | |
| GASAL Company | **-** | **27** | **-** |
| | **102,043** | **6,692** | **1,021** |
| Six month period ended 30 June 2016 (Reviewed) | 125,871 | 1,429 | 4,824 |

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

**Notes to the interim condensed consolidated financial information**

## 7 RELATED PARTIES (CONTINUED)

### Goods and services received from related parties

| | Purchases | Administrative expense |
|---|---|---|
| **Six month period ended 30 June 2017 (Reviewed)** | | |
| *Ultimate parent* | | |
| Qatar Petroleum | **56,656** | **3,402** |
| *Associates and their subsidiaries* | | |
| Qatar Metals Coating Company W.L.L | **15** | **-** |
| Bahrain Steel B.S.C | **234,363** | **-** |
| *Joint venture* | | |
| QAFCO | **-** | **228** |
| QAPCO | **-** | **544** |
| *Entities under common control* | | |
| Mesaieed Industrial City (MIC) | **-** | **8,271** |
| GASAL Company | **27,055** | **-** |
| Qatar Fuel Company Q.S.C. (Woqod) | **4,376** | **-** |
| | **322,465** | **12,445** |
| Six month period ended 30 June 2016 (Reviewed) | 286,271 | 12,819 |

## 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 2017 (Reviewed) | 31 December 2016 (Audited) |
|---|---|---|---|
| **Due from related parties** | | | |
| *Current:* | | | |
| Qatar Petrochemical Company Q.S.C. | Joint venture | **338,409** | 481,920 |
| SOLB Steel Company SSC | Associate | **53,605** | 58,460 |
| Qatar Metal Coating Company W.L.L. | Associate | **20,645** | 129,790 |
| Gasal Company Q.S.C. | Under common control | **-** | 1,284 |
| SULB Company | Associate | **613** | 2,547 |
| | | **413,272** | 674,001 |
| Less: Provision for doubtful debts* | | **(53,318)** | - |
| | | **359,954** | 674,001 |
| *Non-current:* | | | |
| Foulath Holding B.S.C. | Associate | **98,320** | - |

*Provisions for doubtful debts represents impairment charged during the period against old outstanding receivables from SOLB Steel Company SSC due to liquidity conditions of the associate. The management believes that the pattern of repayment of this balance in the past suggests that it may take considerable time until collected. Therefore, recovery of any amount in future will be recognised as reversal of impairment provisions.

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

**Notes to the interim condensed consolidated financial information**

## 7 RELATED PARTIES (CONTINUED)

| | Relationship | 30 June 2017 (Reviewed) | 31 December 2016 (Audited) |
|---|---|---|---|
| **Due to related parties:** | | | |
| Qatar Petroleum | Ultimate parent | **22,735** | 17,330 |
| Gasal Company Q.S.C. | Associate | **5,234** | - |
| Mesaieed Industrial City | Associate | **4,431** | 1,280 |
| Bahrain Steel BSC (c) | Associate | **98,458** | 87,531 |
| Qatar Fuel Company Q.S.C. (Woqod) | Under common control | **269** | - |
| | | **131,127** | 106,141 |

### 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 2017 and as at 31 December 2016 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 579 million (2016: QR 598 million).

### Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

| | Six month ended 30 June | |
|---|---|---|
| | 2017 | 2016 |
| | (Reviewed) | (Reviewed) |
| Board of Directors' sitting fees | **4,844** | 4,629 |
| Short term benefits to key management personnel | **8,638** | 9,144 |
| Qatari employees' pension fund contribution | **356** | 344 |
| | **13,838** | 14,117 |

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

**Notes to the interim condensed consolidated financial information**

## 8 CASH AND CASH EQUIVALENTS

| | 30 June 2017 (Reviewed) | 31 December 2016 (Audited) |
|---|---|---|
| Bank balances and cash | **1,039,795** | 1,098,144 |

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

| | 30 June 2017 (Reviewed) | 31 December 2016 (Audited) |
|---|---|---|
| Bank balances and cash | **1,039,795** | 1,098,144 |
| Less: Dividend accounts | **(143,369)** | (133,821) |
| Cash and cash equivalents | **896,426** | 964,323 |

Bank and cash balances includes restricted cash amounting to QR 86 million (31 December 2016: QR 109 million), which relates to margin deposit 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 2017:

| | Total |
|---|---|
| Balance at the beginning of period | **676,329** |
| Repayments | **(225,286)** |
| Balance at end of period | **451,043** |

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

| | 30 June 2017 (Reviewed) | 31 December 2016 (Audited) |
|---|---|---|
| Non-current portion | **-** | 225,758 |
| Current portion | **451,043** | 450,571 |
| | **451,043** | 676,329 |

**Notes to the interim condensed consolidated financial information**

## 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 | |
|---|---|---|
| | **2017 (Reviewed)** | **2016 (Reviewed – Restated)** |
| Profit for the period | **1,609,856** | 1,988,813 |
| 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) | **2.66** | 3.29 |

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 4 per share amounting to QR 2,420 million relating to 2016 were approved by the shareholders at the Annual General Meeting held on 28 February 2017 (2016: QR 5 per share amounting to QR 3,025 million relating to 2015).

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

| | **30 June 2017 (Reviewed)** | **31 December 2016 (Audited)** |
|---|---|---|
| Financial guarantees | **578,095** | 589,748 |
| Letters of credit | **1,460** | 1,460 |
| Bank guarantees | **3,324** | 5,880 |
| Legal cases | **50,942** | 24,387 |

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

| | **QAPCO** | **QAFCO** | **Total** |
|---|---|---|---|
| **As of 30 June 2017 (Reviewed)** | | | |
| Letters of credit | **10,404** | **-** | **10,404** |
| Bank guarantees | **80** | **1,357** | **1,437** |
| | **10,484** | **1,357** | **11,841** |

| | **QAPCO** | **QAFCO** | **Total** |
|---|---|---|---|
| **As of 31 December 2016 (Audited)** | | | |
| Letters of credit | 25,510 | - | 25,510 |
| Bank guarantees | 80 | 583 | 663 |
| | 25,590 | 583 | 26,173 |

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.

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

**Notes to the interim condensed consolidated financial information**

## 12 CONTINGENCIES (CONTINUED)

### 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 towards Groups share of capital call. 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 Company in 2015, as per the agreement dated 2 April 2015. During the half year 2017, the Group and the previous joint venture partner Qatar Mining Company reached a final agreement about modus operandi for transfer of shares of Qatar Steel International, including consideration, management/regulatory approvals, agreements etc. 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 information 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 COMMITMENTS

(i) Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

| | **30 June 2017 (Reviewed)** | 31 December 2016 (Audited) |
|---|---|---|
| Property, plant and equipment | **60,007** | 56,850 |

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

**Notes to the interim condensed consolidated financial information**

## 13 COMMITMENTS (CONTINUED)

(ii) Non-cancellable operating lease

The Group leases land under non-cancellable operating leases expiring within 13 years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

| | **30 June 2017 (Reviewed)** | 31 December 2016 (Audited) |
|---|---|---|
| Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows: | | |
| Within one year | **37,438** | 29,407 |
| Later than one year but not later than five years | **97,479** | 72,007 |
| Later than five years | **91,914** | 98,267 |
| | **226,831** | 199,681 |

The above non-cancellable operating lease commitments include QR 542 (31 December 2016: QR 905) relating to the Group's subsidiaries.

(iii) Group's share in commitments incurred by joint venture entities:

| **31 June 2017** | **QAPCO** | **QAFAC** | **QAFCO** | **Total** |
|---|---|---|---|---|
| Capital commitments | **190,982** | **-** | **348,265** | **539,247** |
| Operating lease commitments: | | | | |
| Future minimum lease payments: | | | | |
| Within 1 year | **1,706** | **719** | **34,021** | **36,446** |
| 1 to 5 years | **7,310** | **1,173** | **32,187** | **40,670** |
| More than 5 years | **16,598** | **587** | **42,468** | **59,653** |
| | **25,614** | **2,479** | **108,676** | **136,769** |

| **31 December 2016** | **QAPCO** | **QAFAC** | **QAFCO** | **Total** |
|---|---|---|---|---|
| Capital commitments | 210,134 | 13,022 | 481,356 | 704,512 |
| Operating lease commitments: | | | | |
| Future minimum lease payments: | | | | |
| Within 1 year | 1,584 | 3,604 | 64,680 | 69,868 |
| 1 to 5 years | 7,311 | 4,234 | 54,522 | 66,067 |
| More than 5 years | 17,512 | 2,646 | 60,310 | 80,468 |
| | 26,407 | 10,484 | 179,512 | 216,403 |

There were no significant changes to the share of the Group in the associates' capital commitments and non-cancellable operating lease commitments disclosed in the Company's consolidated financial statements for the year ended 31 December 2016.

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

**Notes to the interim condensed consolidated financial information**

## 14 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.

The information of petrochemical and fertilizer segments represents those of the joint ventures of the Group.

The Managing Director of the Group 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 information.

### 14.1 Segment revenue

Sales between segments are carried out at arm's length and are eliminated at consolidation. The revenue from external parties is measured in the same way as in the statement of profit or loss.

| | **30 June 2017** | | | **30 June 2016** | | |
|---|---|---|---|---|---|---|
| | Total | Inter-segment revenue | Revenue from external customers | Total | Inter-segment revenue | Revenue from external customers |
| Petrochemicals | **2,125,853** | - | **2,125,853** | 1,921,693 | - | 1,921,693 |
| Fertilisers | **1,952,666** | - | **1,952,666** | 2,024,034 | - | 2,024,034 |
| Steel | **2,024,596** | - | **2,024,596** | 2,430,957 | - | 2,430,957 |
| Total segment revenue | **6,103,115** | - | **6,103,115** | 6,376,684 | - | 6,376,684 |

Revenues from external customers come from the sale of steel bars, billets, coils, direct reduced iron, hot briquetted iron, by-products, freight revenues, urea, ammonia, methyl-tertiary-butyl-ether (MTBE), methanol, ethylene, polyethylene and other petrochemical products.

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

**Notes to the interim condensed consolidated financial information**

## 14 OPERATING SEGMENT INFORMATION (CONTINUED)

### 14.2 Segment profit

The following table presents profit information regarding the Group's operating segments for the period ended 30 June 2017 and 30 June 2016, respectively:

| | Petrochemicals | Fertilisers | Steel | Total |
|---|---|---|---|---|
| **Period ended 30 June 2017** | | | | |
| Segment profit | **1,063,730** | **157,099** | **226,618** | **1,447,447** |
| Share of results from associates | **-** | **-** | **63,090** | **63,090** |
| Total segment profit | **1,063,730** | **157,099** | **289,708** | **1,510,537** |
| Unallocated profit | | | | **99,319** |
| Profit for the year | | | | **1,609,856** |

| | Petrochemicals | Fertilisers | Steel | Total (Restated) |
|---|---|---|---|---|
| **Period ended 30 June 2016** | | | | |
| Segment profit | 1,204,101 | 36,651 | 680,153 | 1,920,905 |
| Share of results from associates | - | - | (5,987) | (5,987) |
| Total segment profit | 1,204,101 | 36,651 | 674,166 | 1,914,918 |
| Unallocated profit | | | | 73,895 |
| Profit for the year (Restated) | | | | 1,988,813 |

Unallocated profit represents several income and expenses that are not allocated to segments, as these are income and expenses driven by the central treasury function, which also manages the cash position of the Group.

### 14.3 Segment assets and liabilities

The following table presents segmental assets regarding the Group's business segments as at 30 June 2017 and year ended 31 December 2016 respectively:

| | Petrochemicals | Fertilisers | Steel | Total |
|---|---|---|---|---|
| **Segment assets:** | | | | |
| **As of 30 June 2017** | **8,769,552** | **13,551,590** | **8,781,101** | **31,102,243** |
| As of 31 December 2016 | 8,861,657 | 13,282,256 | 9,057,052 | 31,200,965 |
| **Segment liabilities:** | | | | |
| **As of 30 June 2017** | **1,142,684** | **2,666,537** | **1,253,094** | **5,062,315** |
| As of 31 December 2016 | 1,584,197 | 2,580,463 | 1,448,544 | 5,613,204 |

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

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

**Notes to the interim condensed consolidated financial information**

## 14 OPERATING SEGMENT INFORMATION (CONTINUED)

### 14.3 Segment assets and liabilities (continued)

Reconciliation of reportable segments total assets:

| | At 30 June 2017 | At 31 December 2016 |
|---|---|---|
| Total assets for reportable segments | **31,102,243** | 31,200,965 |
| Other un-allocable assets | **6,429,850** | 7,786,200 |
| Recognition of investment in joint ventures using equity method of accounting | **18,824,726** | 18,342,580 |
| Assets relating to joint ventures | **(22,321,142)** | (22,143,913) |
| Consolidated total assets for the period/ year | **34,035,677** | 35,185,832 |

## 15 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

### 15.1 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 information 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 2016.

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

### 15.2 Liquidity risk

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

### 15.3 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)*

**Notes to the interim condensed consolidated financial information**

## 15 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (CONTINUED)

### 15.3 Fair value estimation (continued)

As at 30 June 2017, all available-for-sale investments 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 2017 (Reviewed)** | | | | |
| *Assets measured at fair value* | | | | |
| Held for trading investments | **3,585** | **-** | **-** | **3,585** |
| Available-for-sale investments | **572,153** | **572,153** | **-** | **-** |

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2016.

| | Total | Level 1 | Level 2 | Level 3 |
|---|---|---|---|---|
| **As of 31 December 2016 (Audited)** | | | | |
| *Assets measured at fair value* | | | | |
| Held for trading investments | 3,585 | - | - | 3,585 |
| Available-for-sale investments- equity | 674,295 | 674,295 | - | - |

During the reporting period ended 30 June 2017 and 31 December 2016, 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.

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

**Notes to the interim condensed consolidated financial information**

## 16 RESTATEMENT

In the annual financial statements of the Group for the year ended 31 December 2016, the comparative numbers for 2015 were restated to reflect the following adjustments:

- Recognition of pension obligations in accordance with IAS 19 by the Group's joint ventures instead of recognition on cash basis of accounting;
- Reversal of the effect of overstatement in deferred tax liabilities by the Group's joint ventures; and
- Change in the accounting for tax indemnity for one of the joint venture with retrospective effect.

Accordingly, this interim condensed consolidated financial information has been adjusted to reflect the above restatements with impact for the first six-month period ended 30 June 2016. The following table reflects these corrections:

| | | 2016 | |
|---|---|---|---|
| **Interim condensed consolidated statement of financial position** *(extract)* | At 30 June 2016 (as previously reported) | Increase/ (Decrease) | At 30 June 2016 (Restated) |
| Investment in joint ventures | 19,853,064 | 23,530 | 19,876,594 |
| Retained earnings | 26,200,875 | 23,530 | 26,224,405 |

| | | 2016 | |
|---|---|---|---|
| **Interim condensed consolidated statement of profit or loss** *(extract)* | Period ended 30 June 2016 | Increase/ (Decrease) | Period ended 30 June 2016 (Restated) |
| Share of results of joint ventures | 1,217,222 | 23,530 | 1,240,752 |
| Profit for the period | 1,965,283 | 23,530 | 1,988,813 |