

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

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2013**

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

## **INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the six month period ended June 30, 2013

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<b>INDEX</b>	<b>Page</b>
Independent auditor's review report	--
Interim condensed consolidated statement of financial position	1
Interim condensed consolidated statement of income	2
Interim condensed consolidated statement of 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 17

**QR. 99-8**

**INDEPENDENT AUDITOR'S REVIEW REPORT**

**To the Board of Directors  
Industries Qatar Q.S.C.  
Doha – Qatar**

***Introduction***

We have reviewed the accompanying interim condensed consolidated statement of financial position of Industries Qatar Q.S.C. (the "Company"), and its subsidiary (together referred as the "Group") as of June 30, 2013, and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended and other explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these 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 the 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 statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

## **INDEPENDENT AUDITOR'S REVIEW REPORT (CONTINUED)**

### **Other matters**

The interim condensed consolidated financial statements for the six month period ended June 30, 2012 and the consolidated financial statements for the year ended December 31, 2012 were reviewed and audited by another auditor whose reports dated August 7, 2012 and February 21, 2013 expressed an unmodified review conclusion and an unqualified audit opinion, respectively, on those financial statements.

**For Deloitte & Touche**

**Doha - Qatar  
--, 2013**

**Muhammad Bahemia  
License No. 103**

**INDUSTRIES QATAR Q.S.C.**
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
 As of June 30, 2013

	Notes	<b>June 30, 2013</b>	December 31, 2012
		<b>(Reviewed)</b>	(Audited)
		<b>QR'000</b>	(Restated)
			<b>QR'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	2,613,641	2,635,163
Projects under development		567,230	419,828
Investment properties		148,033	148,033
Investment in joint ventures	4	20,240,122	19,355,748
Investment in associates	5	1,476,905	1,465,514
Available-for-sale investments		683,961	641,441
Catalysts		45,401	48,982
<b>Total non-current assets</b>		<b>25,775,293</b>	<b>24,714,709</b>
<b>Current assets</b>			
Inventories		1,237,514	1,506,822
Accounts receivable and prepayments		1,458,607	1,150,412
Due from related parties	10	39,561	102,461
Held-for-trading investments		3,762	7,154
Bank balances and cash	6	4,768,284	5,405,900
<b>Total current assets</b>		<b>7,507,728</b>	<b>8,172,749</b>
<b>TOTAL ASSETS</b>		<b>33,283,021</b>	<b>32,887,458</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	9	6,050,000	5,500,000
Legal reserve		74,999	74,999
Cumulative changes in fair value		322,412	279,892
Hedging reserve		(422,964)	(559,576)
Retained earnings		24,383,471	25,039,095
<b>Total equity</b>		<b>30,407,918</b>	<b>30,334,410</b>
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	7	1,819,709	1,483,589
Employees' end of service benefits		115,034	106,099
Other financial liabilities		97,955	123,503
<b>Total non-current liabilities</b>		<b>2,032,698</b>	<b>1,713,191</b>
<b>Current liabilities</b>			
Accounts payable and accruals		584,650	653,315
Due to related parties	10	11,936	24,760
Interest bearing loans and borrowings	7	245,819	161,782
<b>Total current liabilities</b>		<b>842,405</b>	<b>839,857</b>
<b>Total liabilities</b>		<b>2,875,103</b>	<b>2,553,048</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>33,283,021</b>	<b>32,887,458</b>

.....  
 Dr. Mohamed Bin Saleh Al-Sada  
 Minister of Energy and Industry  
 Chairman and Managing Director

.....  
 Hamad Rashid Al-Mohannadi  
 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 INCOME**

For the six month period ended June 30, 2013

		<b>Six month period ended June 30,</b>	
		<b>2013</b>	<b>2012</b>
		<b>(Reviewed)</b>	<b>(Reviewed)</b>
	<u>Notes</u>	<u>QR'000</u>	<u>(Restated)</u>
		<u>QR'000</u>	<u>QR'000</u>
Revenue	13	<b>3,092,086</b>	3,328,563
Cost of sales		<b>(2,075,669)</b>	(2,348,654)
<b>Gross profit</b>		<b>1,016,417</b>	979,909
Other income		<b>112,138</b>	101,951
General and administrative expenses		<b>(77,081)</b>	(94,436)
Selling expenses		<b>(17,494)</b>	(18,081)
Finance costs		<b>(30,102)</b>	(34,577)
Share of results of associates		<b>8,523</b>	(18,189)
Share of result of joint ventures		<b>3,556,975</b>	3,119,680
<b>Profit for the period</b>		<b>4,569,376</b>	4,036,257
<b>Basic and diluted earnings per share</b>			
(Expressed as QR per share)			
Basic earnings per share	8	<u>7.55</u>	<u>6.67</u>
Basic earnings per share (as previously stated)		<u>--</u>	<u>7.34</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 COMPREHENSIVE INCOME**  
For the six month period ended June 30, 2013

	<b>Six month period ended June 30,</b>	
	<b>2013</b>	<b>2012</b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>
	<b>(Restated)</b>	
Notes	<b>QR'000</b>	<b>QR'000</b>
<b>Profit for the period</b>	<b>4,569,376</b>	<b>4,036,257</b>
<b>Other comprehensive income (loss):</b>		
Net profit/ (loss) on available-for-sale investments	<b>42,520</b>	<b>(38,499)</b>
Net unrealised gain on cash flow hedges	<b>128,744</b>	<b>12,896</b>
Share of other comprehensive income / (loss) of associates	<b>7,868</b>	<b>(5,402)</b>
<b>Other comprehensive income / (loss) for the period</b>	<b>179,132</b>	<b>(31,005)</b>
<b>Total comprehensive income for the period</b>	<b>4,748,508</b>	<b>4,005,252</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 six month period ended June 30, 2013

	<b>Share capital</b>	<b>Legal reserve</b>	<b>Cumulative changes in fair value</b>	<b>Hedging reserve</b>	<b>Retained Earnings</b>	<b>Total</b>
	<b>QR'000</b>	<b>QR'000</b>	<b>QR'000</b>	<b>QR'000</b>	<b>QR'000</b>	<b>QR'000</b>
Balance at January 1, 2012 (Audited) (Restated)	5,500,000	74,999	314,711	(589,402)	20,936,415	26,236,723
Profit for the period	--	--	--	--	4,036,257	4,036,257
Other comprehensive (loss) income for the period	--	--	(38,499)	7,494	--	(31,005)
Dividends paid (Note 9)	--	--	--	--	(4,125,000)	(4,125,000)
<b>Balance at June 30, 2012 (Reviewed) (Restated)</b>	<b>5,500,000</b>	<b>74,999</b>	<b>276,212</b>	<b>(581,908)</b>	<b>20,847,672</b>	<b>26,116,975</b>
Balance at January 1, 2013 (Audited) (Restated)	5,500,000	74,999	279,892	(559,576)	25,039,095	30,334,410
Profit for the period	--	--	--	--	4,569,376	4,569,376
Other comprehensive income for the period	--	--	42,520	136,612	--	179,132
Bonus shares issued (Note 9)	550,000	--	--	--	(550,000)	--
Dividends paid (Note 9)	--	--	--	--	(4,675,000)	(4,675,000)
<b>Balance at June 30, 2013 (Reviewed)</b>	<b>6,050,000</b>	<b>74,999</b>	<b>322,412</b>	<b>(422,964)</b>	<b>24,383,471</b>	<b>30,407,918</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 six month period ended June 30, 2013

	<b>For the six months period ended June 30,</b>	
	<b>2013</b>	<b>2012</b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>
	<b>QR'000</b>	<b>(Restated)</b>
	<b>QR'000</b>	<b>QR'000</b>
<b>OPERATING ACTIVITIES</b>		
Profit for the period	<b>4,569,376</b>	4,036,257
Adjustments for:		
Depreciation and amortisation	<b>78,814</b>	88,160
Provision for employees' end of service benefits	<b>18,529</b>	16,344
Share of results of associates	<b>(8,523)</b>	18,189
Share of results of joint ventures	<b>(3,556,975)</b>	(3,119,680)
Loss on disposal of property, plant and equipment	<b>2,174</b>	20,085
Finance costs	<b>30,102</b>	34,577
(Gain)/loss from change in fair value of held-for-trading securities	<b>28</b>	(973)
Interest income	<b>(38,857)</b>	(31,356)
Dividend received from available for sale investment	<b>(22,228)</b>	(18,498)
	<b>1,072,440</b>	1,043,105
Working capital changes:		
Inventories	<b>269,308</b>	293,871
Accounts receivable and prepayments	<b>(308,195)</b>	(359,843)
Due from related parties	<b>62,900</b>	(228,033)
Accounts payable and accruals	<b>131,739</b>	(59,717)
Cash from operations	<b>1,228,192</b>	689,383
Finance costs	<b>(30,102)</b>	(34,577)
Employees' end of service benefits paid	<b>(9,594)</b>	(9,352)
Contribution to social and sports fund	<b>(213,227)</b>	--
Net cash from operating activities	<b>975,269</b>	645,454
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposals of property, plant and equipment	<b>1,889</b>	380
Additions to property, plant and equipment	<b>(57,774)</b>	(50,713)
Projects under development	<b>(147,402)</b>	(135,100)
Investments in joint ventures and associates	<b>(70)</b>	(13,577)
Movement in fixed deposits	<b>1,475,150</b>	(631,000)
Dividend received from available-for-sale investments	<b>22,707</b>	18,498
Proceeds from disposal of investments	<b>2,884</b>	(5,006)
Dividend received from joint ventures	<b>2,775,867</b>	1,864,049
Dividends received from associates	<b>5,000</b>	5,000
Interest income received	<b>38,857</b>	31,356
Net cash from investing activities	<b>4,117,108</b>	1,083,887
<b>FINANCING ACTIVITIES</b>		
Proceeds from interest bearing loans and borrowings	<b>546,225</b>	172,971
Repayment of interest bearing loans and borrowings	<b>(126,068)</b>	(58,983)
Dividends paid	<b>(4,675,000)</b>	(4,125,000)
Net cash used in financing activities	<b>(4,254,843)</b>	(4,011,012)
<b>Net increase/decrease in cash and cash equivalents</b>	<b>837,534</b>	(2,281,671)
<b>Cash and cash equivalents at the beginning of the period</b>	<b>1,673,750</b>	4,000,560
<b>Cash and cash equivalents at the end of the period (Note 6)</b>	<b>2,511,284</b>	1,718,889

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS.

## INDUSTRIES QATAR Q.S.C.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2013

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#### 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 company (together “the Group”) operates in the State of Qatar and in the Jebel Ali Free Zone in the United Arab Emirates.

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 of Industries Qatar Q.S.C. 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 income 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%

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2013 were authorised for issue by the Chairman and the Vice Chairman on July 29, 2013.

#### 2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim condensed consolidated financial statements for the six months ended June 30, 2013 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, 2012. In addition, results for the six month period ended June 30, 2013 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2013.

## INDUSTRIES QATAR Q.S.C.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2013

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

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, 2012 except for the adoption of new and revised standards and interpretations effective as of January 1, 2013.

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

IAS 1	Presentation of items of other comprehensive income
IFRS 10	Consolidated Financial Statements
IAS 27	Separate Financial Statements
IFRS 11	Joint arrangements
IAS 28	Investments in Associates and Joint Ventures
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurements

The adoption of these new / revised standards and interpretations had a material impact on the financial position and financial performance of the Group as of and for the period ended June 30, 2013 which resulted in a restatement of prior period's balance. Details of the prior period adjustments are presented in note 15.

#### 3 PROPERTY, PLANT AND EQUIPMENT

	<b>June 30, 2013 (Reviewed)</b>	December 31, 2012 (Audited) (Restated)
	<b>QR'000</b>	QR'000
Opening net book value	<b>2,635,163</b>	2,681,537
Additions	<b>57,270</b>	123,935
Transfers from/(to) projects under development	--	21,176
Disposals	<b>(4,063)</b>	(27,917)
Depreciation	<b>(74,729)</b>	(163,568)
Closing net book value	<b><u>2,613,641</u></b>	<u>2,635,163</u>

## INDUSTRIES QATAR Q.S.C.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2013

#### 4 INVESTMENTS IN JOINT VENTURES

The summarised financial information in respect of the Group's share of joint ventures are as follows.

	<b>June 30, 2013 (Reviewed)</b>	December 31, 2012 (Audited) (Restated)
	<b>QR'000</b>	QR'000
Cash and bank balances	<b>2,778,810</b>	3,216,732
Other current assets	<b>3,417,934</b>	3,405,535
Non-current assets	<b>18,958,265</b>	19,128,523
Total assets	<b>25,155,009</b>	25,750,790
Debts falling within one year	<b>213,748</b>	795,952
Other current liabilities	<b>2,095,790</b>	2,732,820
Debt falling due after one year	<b>2,377,863</b>	2,476,098
Other non-current liabilities	<b>515,278</b>	580,658
Total liabilities	<b>5,202,679</b>	6,585,528
Shareholders' equity	<b>19,952,330</b>	19,165,262

The Group's share of net profit and other comprehensive income for the six month period ended June 30, 2013 are as follows:

Net profit	<b>3,556,975</b>	3,119,680
Other comprehensive income	<b>103,196</b>	12,592

#### 5 INVESTMENTS IN ASSOCIATES

The Group has the following investments in associates:

	Ownership		Country of Incorporation	<b>June 30, 2013 (Reviewed)</b>	December 31, 2012 (Audited) (Restated)
	<b>2013</b>	2012		<b>QR'000</b>	QR'000
Qatar Metal Coating Company Q.S.C.	<b>50%</b>	50%	Qatar	<b>24,293</b>	25,950
Foulath Holding B.S.C. (formerly Gulf United Steel Holding Company.)	<b>25%</b>	25%	Bahrain	<b>1,229,934</b>	1,226,848
SOLB Steel Company (formerly known as South Steel Company W.L.L.)	<b>31.03%</b>	31.03%	Saudi Arabia	<b>222,678</b>	212,716
				<b>1,476,905</b>	1,465,514

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

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

For the six month period ended June 30, 2013

**6 CASH AND CASH EQUIVALENTS**

	<b>June 30, 2013 (Reviewed)</b>	December 31, 2012 (Audited) (Restated)
	<u>QR'000</u>	<u>QR'000</u>
Bank balances and cash	<u><b>4,768,284</b></u>	<u>5,405,900</u>

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

	<b>June 30, 2013 (Reviewed)</b>	December 31, 2012 (Audited) (Restated)
	<u>QR'000</u>	<u>QR'000</u>
Bank balances and cash	<b>4,768,284</b>	5,405,900
Less: Fixed deposits maturing after 90 days	<u><b>(2,257,000)</b></u>	<u>(3,732,150)</u>
<b>Cash and cash equivalents</b>	<u><b>2,511,284</b></u>	<u>1,673,750</u>

**7 INTEREST BEARING LOANS AND BORROWINGS**

					<b>June 30, 2013 (Reviewed)</b>	December 31, 2012 (Audited) (Restated)
	Interest/profit rate	Entity	Currency	Maturity Date	<u>QR'000</u>	<u>QR'000</u>
Loan 1	LIBOR plus applicable margin	Qatar Steel	USD	2018	<b>1,162,039</b>	1,288,807
Loan 2	LIBOR plus applicable margin	Qatar Steel	USD	2018	<u><b>903,489</b></u>	<u>356,564</u>
					<u><b>2,065,528</b></u>	<u>1,645,371</u>
Less: current portion					<u><b>(245,819)</b></u>	<u>(161,782)</u>
Total non-current portion					<u><b>1,819,709</b></u>	<u>1,483,589</u>

## INDUSTRIES QATAR Q.S.C.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2013

#### 8 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the profit attributable to the equity holders of for the period by the weighted average number of shares outstanding during the period as follows:

	Six months ended 30 June	
	2013 (Reviewed)	2012 (Reviewed) (Restated)
	QR'000	QR'000
Profit for the period	<u>4,569,376</u>	<u>4,036,257</u>
Weighted average number of shares outstanding during the period (in thousands)	<u>605,000</u>	<u>605,000</u>
Basic and diluted earnings per share (expressed in QR per share)	<u>7.55</u>	<u>6.67</u>

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

#### 9 DIVIDENDS PAID

During the period, cash dividend of QR 8.5 per share amounting to QR 4,675 million and a 10% bonus share of QR 550 million relating to 2012 were approved by the shareholders at the Annual General Meeting held on March 17, 2013 (2012: QR 7.5 per share amounting to QR 4,125 million).

#### 10 RELATED PARTY DISCLOSURES

##### Related party transactions

These represent transactions with related parties, i.e. shareholders, joint venture partners, directors and senior management of the Group and of the companies, and the companies in which they are principal owners. 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 income during the six months ended June 30, 2013 and 2012 are as follows:

Period ended June 30, 2013 (Reviewed)	Sales QR'000	Purchases QR'000	Selling and other expenses QR'000	Lease rental payments QR'000	Other income QR'000
Major shareholders	--	53,399	4,680	--	--
Associates	231,843	91,283	--	--	812
Joint ventures	--	--	1,374	--	--
Other related parties	--	16,645	--	8,584	31
	<u>231,843</u>	<u>161,327</u>	<u>6,054</u>	<u>8,584</u>	<u>843</u>

# INDUSTRIES QATAR Q.S.C.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2013

### 10 RELATED PARTY DISCLOSURES (CONTINUED)

Period ended June 30, 2012 (Reviewed) (Restated)	Sales QR'000	Purchases QR'000	Selling and other expenses QR'000	Lease rental payments QR'000	Other income QR'000
Major shareholders	--	49,305	3,840	--	--
Associates	164,227	329,319	2	--	2,952
Joint ventures	--	--	1,176	--	--
Other related parties	73,876	14,380	--	7,655	--
	<b>238,103</b>	<b>393,004</b>	<b>5,018</b>	<b>7,655</b>	<b>2,952</b>

#### Related party balances

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

	June 30, 2013 (Reviewed) QR'000	December 31, 2012 (Audited) (Restated) QR'000
<i>Due from related parties:</i>		
Joint ventures	1,831	1,826
Associates	37,730	33,157
Other related parties	--	67,478
	<b>39,561</b>	<b>102,461</b>
<i>Due to related parties:</i>		
Major shareholder	9,017	22,238
Other related parties	2,919	2,522
	<b>11,936</b>	<b>24,760</b>

#### 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 2013 (Reviewed) QR'000	2012 (Reviewed) (Restated) QR'000
Board of Directors' sitting fees	775	450
Short term benefits to key management personnel	8,749	19,362
Qatari employees pension fund contribution	332	325
	<b>9,856</b>	<b>20,137</b>

## INDUSTRIES QATAR Q.S.C.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2013

#### 11 CONTINGENCIES

At June 30, 2013, 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:

	<b>June 30, 2013 (Reviewed)</b>	December 31, 2012 (Audited) (Restated)
	<u>QR'000</u>	<u>QR'000</u>
Letters of credit	89,872	98,948
Bank guarantees	418,136	418,136
Others	6,223	1,386
	<u>514,231</u>	<u>518,470</u>

#### 12 EXPENDITURE COMMITMENTS

	<b>June 30, 2013 (Reviewed)</b>	December 31, 2012 (Audited) (Restated)
	<u>QR'000</u>	<u>QR'000</u>
<b>Capital expenditure commitments</b>		
Estimated capital expenditure contracted for at the end of the reporting period but not provided for:		
Property, plant and equipment	<u>634,966</u>	<u>557,097</u>
<b>Operating lease commitments</b>		
Future minimum lease payments:		
Within one year	30,434	28,586
After one year but not more than five years	63,477	52,083
More than five years	<u>143,639</u>	<u>149,991</u>
Total operating lease expenditure contracted for at the end of the reporting period	<u>237,550</u>	<u>230,660</u>



**13 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 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.

**Operating segments**

The following table presents revenue and profit information regarding the Group's operating segments for the six months ended June 30, 2013 and 2012 respectively:

	<u>Petrochemicals</u> QR'000	<u>Fertilisers</u> QR'000	<u>Steel</u> QR'000
<b>Period ended June 30, 2013</b>			
(Reviewed)			
Total revenue	<u>3,312,065</u>	<u>3,542,865</u>	<u>3,092,086</u>
Results:			
Segment profit	<u>1,794,186</u>	<u>1,763,672</u>	<u>985,607</u>

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

For the six month period ended June 30, 2013

**13 SEGMENT INFORMATION (CONTINUED)**

	<u>Petrochemicals</u> QR'000	<u>Fertilisers</u> QR'000	<u>Steel</u> QR'000
Period ended June 30, 2012 (Reviewed)			
Total revenue	<u>3,016,392</u>	<u>2,728,123</u>	<u>3,328,563</u>
Results:			
Segment profit	<u>1,623,308</u>	<u>1,496,372</u>	<u>899,415</u>

The following table presents segmental assets regarding the Group's business segments for the period ended June 30, 2013 and year ended December 31, 2012 respectively:

	<u>Petrochemicals</u> QR'000	<u>Fertilisers</u> QR'000	<u>Steel</u> QR'000	<u>Total</u> QR'000
<b>Segment assets:</b>				
<b>At June 30, 2013</b>	<u><b>10,532,570</b></u>	<u><b>15,940,079</b></u>	<u><b>10,251,570</b></u>	<u><b>36,724,219</b></u>
At December 31, 2012	<u>10,468,028</u>	<u>16,863,567</u>	<u>9,296,787</u>	<u>36,628,383</u>

*Notes:*

- (i) The above segmental reporting relates only to the subsidiaries and joint venture companies.

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

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

For the six month period ended June 30, 2013

**13 SEGMENT INFORMATION (CONTINUED)**

**Reconciliation of reportable segments total assets**

	<b>June 30, 2013 (Reviewed)</b>	December 31, 2012 (Audited) (Restated)
	<u>QR'000</u>	<u>QR'000</u>
Total assets for reportable segments	<b>36,724,219</b>	36,628,383
Other un-allocable assets	<b>3,776,780</b>	5,220,374
Recognition of investment in joint ventures using equity method of accounting	<b>20,240,122</b>	19,355,748
Elimination of investments in subsidiaries	<b>(985,451)</b>	(985,451)
Assets relating to joint ventures	<b>(26,472,649)</b>	(27,331,596)
Consolidated total assets for the year	<u><b>33,283,021</b></u>	<u>32,887,458</u>

**14 FAIR VALUES**

Set out below is a comparison of the carrying amounts and fair values of financial instruments as at June 30, 2013:

	<b>Carrying amount</b>	<b>Fair Value</b>
	<u>QR'000</u>	<u>QR'000</u>
<b>Financial assets:</b>		
Available-for-sale investments	<b>683,961</b>	<b>683,961</b>
<b>Total non-current</b>	<u><b>683,961</b></u>	<u><b>683,961</b></u>
Trade and other receivables	<b>1,458,607</b>	<b>1,458,607</b>
Held- for- trading investments	<b>3,762</b>	<b>3,762</b>
Cash and bank balances	<b>4,768,284</b>	<b>4,768,284</b>
<b>Total current</b>	<u><b>6,230,653</b></u>	<u><b>6,230,653</b></u>
<b>Total financial assets</b>	<u><b>6,914,614</b></u>	<u><b>6,914,614</b></u>
<b>Financial liabilities:</b>		
Interest bearing loans and borrowings	<b>1,819,709</b>	<b>1,819,709</b>
Other financial liabilities	<b>97,555</b>	<b>97,555</b>
<b>Total non-current</b>	<u><b>1,917,264</b></u>	<u><b>1,917,264</b></u>
Accounts payable and accruals	<b>584,650</b>	<b>584,650</b>
Interest bearing loans and borrowings	<b>245,819</b>	<b>245,819</b>
<b>Total current</b>	<u><b>830,469</b></u>	<u><b>830,469</b></u>
<b>Total financial liabilities</b>	<u><b>2,747,733</b></u>	<u><b>2,747,733</b></u>

## INDUSTRIES QATAR Q.S.C.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six month period ended June 30, 2013

#### 14 FAIR VALUES (CONTINUED)

##### Fair Value of Financial Instruments

The fair value of financial instruments approximates their carrying value.

##### Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

At the end of the period/year, the Group held the following financial instruments measured at fair value:

<b>At June 30, 2013</b>	<u>Total</u> QR'000	<u>Level 1</u> QR'000	<u>Level 2</u> QR'000	<u>Level 3</u> QR'000
<i>Assets measured at fair value</i>				
Available-for-sale investments	683,961	683,961	--	--
Held-for-trading investments	3,762	3,762	--	--
<i>Liabilities measured at fair value</i>				
Other financial liabilities:				
Interest rate swaps	97,955	--	97,955	--
<b>At December 31, 2012 (Restated)</b>	<u>Total</u> QR'000	<u>Level 1</u> QR'000	<u>Level 2</u> QR'000	<u>Level 3</u> QR'000
<i>Assets measured at fair value</i>				
Available-for-sale investments	641,441	641,441	--	--
Held-for-trading investments	7,154	7,154	--	--
<i>Liabilities measured at fair value</i>				
Other financial liabilities:				
Interest rate swaps	123,503	--	123,503	--

During the reporting period ended June 30, 2013 and December 31, 2012, 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.

**INDUSTRIES QATAR Q.S.C.****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**For the six month period ended June 30, 2013

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**15. PRIOR YEAR ADJUSTMENTS**

The consolidated financial statements for the years ended December 31, 2012 and December 31, 2011 have been restated to reflect the new accounting treatment of joint ventures as per IFRS 11. The Group has changed its accounting treatment of joint ventures from proportionate consolidation to equity accounting. The values and effects of such restatements are outlined as follows:

*December 31, 2012 restatements:*

	<u>2012</u> <u>(as reported)</u> QR'000	<u>2011</u> <u>adjustments</u> QR'000	<u>2012</u> <u>adjustments</u> QR'000	<u>2012</u> <u>restated</u> QR'000
<b>Current assets</b>	<u>15,382,546</u>	<u>(5,742,478)</u>	<u>(1,467,319)</u>	<u>8,172,749</u>
<b>Non-current assets</b>	<u>24,828,153</u>	<u>(2,622,721)</u>	<u>2,509,277</u>	<u>24,714,709</u>
<b>Current liabilities</b>	<u>4,899,303</u>	<u>(3,295,428)</u>	<u>(764,018)</u>	<u>839,857</u>
<b>Non-current liabilities</b>	<u>4,615,202</u>	<u>(4,675,159)</u>	<u>1,773,148</u>	<u>1,713,191</u>
<b>Net assets/equity</b>	<u>30,696,194</u>	<u>(394,612)</u>	<u>32,828</u>	<u>30,334,410</u>