

Industries Qatar Q.S.C.

**UNAUDITED INTERIM CONDENSED
CONSOLIDATED
FINANCIAL STATEMENTS**

30 JUNE 2009

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF INDUSTRIES QATAR Q.S.C.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Industries Qatar Q.S.C. (the “Company”) and its subsidiaries and jointly controlled entities (together referred as the “Group”) as at 30 June 2009, comprising of the interim consolidated statement of financial position as at 30 June 2009 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the six month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

We did not review the financial statements of Qatar Steel Company Q.S.C, a wholly-owned subsidiary and Qatar Petrochemical Company Limited Q.S.C, of which the Company is a co-venturer whose financial statements reflect total assets of QR 14.55 billion and total revenues of QR 3.12 billion. Those financial statements were reviewed by other auditors whose reports have been furnished to us, and our conclusion, in so far as it relates to data included in those companies, is based solely on the report of the other auditors.

Scope of review

We conducted our review in accordance with the 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. Consequently, it 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 IAS 34.

Firas Qoussous
of Ernst & Young
Auditor's Registration No. 236

Date: 13 August 2009
Doha

Industries Qatar Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the six months ended 30 June 2009

		<i>Six months ended 30 June</i>	
		<i>2009</i>	<i>2008</i>
		<i>QR'000</i>	<i>QR'000</i>
	<i>Notes</i>	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Revenue		4,506,974	7,675,988
Cost of sales		(3,018,105)	(3,164,805)
GROSS PROFIT		1,488,869	4,511,183
Share of results from associates		(2,029)	127,513
Income from government grant	3	1,165,711	-
Other income		303,719	285,662
Selling expenses		(63,344)	(95,248)
General and administrative expenses		(206,053)	(184,384)
Finance costs		(54,727)	(49,440)
PROFIT FOR THE PERIOD		2,632,146	4,595,286
Profit for the period attributable to:			
Equity holders of the parent		2,630,998	4,594,457
Minority interest		1,148	829
		2,632,146	4,595,286
BASIC AND DILUTED EARNINGS PER SHARE	5	4.78	8.35
(Expressed as QR per share)			

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

Industries Qatar Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the six months ended 30 June 2009

	<i>Six months ended 30 June</i>	
	<i>2009</i>	<i>2008</i>
	<i>QR'000</i>	<i>QR'000</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
		<i>)</i>
Profit for the period	<u>2,632,146</u>	<u>4,595,286</u>
Other comprehensive income:		
Net (loss) gain on available-for-sale financial investments	(18,802)	69,153
Net unrealised gain on cash flow hedges	<u>305,321</u>	<u>873</u>
Other comprehensive income for the period	<u>286,519</u>	<u>70,026</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>2,918,665</u>	<u>4,665,312</u>
Total comprehensive income for the period attributable to:		
Equity holder of the parent	<u>2,917,517</u>	4,664,483
Minority interest	<u>1,148</u>	<u>829</u>
	<u>2,918,665</u>	<u>4,665,312</u>

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

Industries Qatar Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

At 30 June 2009

	<i>Notes</i>	30 June 2009 QR'000 (Reviewed)	31 December 2008 QR'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	6	6,346,285	6,137,619
Projects under development	7	6,851,325	5,186,479
Investment property		192,341	124,347
Intangible assets		95,799	71,707
Investment in associates	8	1,417,981	1,487,160
Available-for-sale investments		268,561	247,773
Catalysts		131,781	118,981
Long term portion of advance and deposits		1,518	-
		<u>15,305,591</u>	<u>13,374,066</u>
Current assets			
Inventories		1,544,419	2,520,907
Accounts receivable and prepayments		1,492,665	1,297,557
Due from related parties	14	453,477	566,119
Held for trading investments		117,231	125,051
Other financial assets	9	25,478	120,755
Cash and short term deposits	10	4,745,865	9,445,207
		<u>8,379,135</u>	<u>14,075,596</u>
TOTAL ASSETS		<u>23,684,726</u>	<u>27,449,662</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	11	5,500,000	5,500,000
Legal reserve		141,832	141,832
Cumulative changes in fair value		122,411	141,213
Hedging reserve		(329,344)	(634,665)
Retained earnings		11,325,587	8,694,589
Proposed dividends		-	4,400,000
Equity attributable to the parent		<u>16,760,486</u>	<u>18,242,969</u>
Minority interest		11,516	11,493
Total equity		<u>16,772,002</u>	<u>18,254,462</u>
Non-current liabilities			
Interest bearing loans and borrowings	12	5,033,202	3,369,025
Employees' end of service benefits		175,752	177,080
Other financial liabilities	9	300,568	589,668
		<u>5,509,522</u>	<u>4,135,773</u>

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

Industries Qatar Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED) (continued) At 30 June 2009

		30 June 2009 QR'000 (Reviewed)	31 December 2008 QR'000 (Audited)
Current liabilities			
Accounts payable and accruals		828,883	1,367,321
Due to related parties	14	282,526	858,279
Other financial liabilities	9	33,551	165,751
Interest bearing loans and borrowings	12	258,242	2,668,076
		<u>1,403,202</u>	<u>5,059,427</u>
Total liabilities		<u>6,912,724</u>	<u>9,195,200</u>
TOTAL EQUITY AND LIABILITIES		<u>23,684,726</u>	<u>27,449,662</u>

.....
Abdulla Bin Hamad Al- Attiyah
Deputy Premier
and Minister of Energy and Industry
Chairman and Managing Director

.....
Yousef Hussain Kamal
Minister of Economy and Finance
Vice Chairman

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

Industries Qatar Q.S.C.

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

For the six months ended 30 June 2009

	<i>Six months ended 30 June</i>	
	<i>2009</i>	<i>2008</i>
	<i>QR'000</i>	<i>QR'000</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
OPERATING ACTIVITIES		
Profit for the period	2,632,146	4,595,286
Adjustments for:		
Depreciation and amortisation	246,932	228,168
Provision for employees' end of service benefits	22,299	30,782
Provision for decline in market value of inventory	23,760	-
Loss (gain) on disposals of investments held for trading	6,354	(63,242)
Gain on revaluation of investment property	-	(2,961)
Share of results from associates	2,029	(127,512)
Loss on disposal of property, plant and equipment	505	352
Finance costs	54,727	49,440
	<u>2,988,752</u>	<u>4,710,313</u>
Working capital changes:		
Inventories	914,363	(648,002)
Accounts receivable and prepayments and due from related parties	(82,466)	(1,577,792)
Accounts payable and accruals and due to related parties	(1,114,191)	(626,783)
	<u>2,706,458</u>	<u>1,857,736</u>
Cash from operations	2,706,458	1,857,736
Finance costs	(54,727)	(49,440)
Employees' end of service benefits paid	(23,627)	(19,055)
	<u>2,628,104</u>	<u>1,789,241</u>
Net cash from operating activities	<u>2,628,104</u>	<u>1,789,241</u>
INVESTING ACTIVITIES		
Proceeds from disposals of property, plant and equipment	74	110
Purchase of property, plant and equipment	(408,993)	(728,480)
Purchases of catalysts	(21,424)	(2,614)
Net movement in projects under development	(1,664,846)	(144,935)
Purchase of available-for-sale investments	(39,478)	9,127
Net movement in other assets	(93,799)	1,522
Dividends received from associates	46,446	1,742
Net movements in held for trading investments	1,356	(11,603)
Net movement in deposits maturing after 90 days	1,829,280	1,683,090
	<u>(351,384)</u>	<u>807,959</u>
Net cash (used in) from investing activities	<u>(351,384)</u>	<u>807,959</u>
FINANCING ACTIVITIES		
Net movement in loans	(745,657)	1,146,408
Dividends paid	(4,400,000)	(2,000,000)
Dividend paid to minority shareholders	(1,125)	(1,125)
	<u>(5,146,782)</u>	<u>(854,717)</u>
Net cash used in financing activities	<u>(5,146,782)</u>	<u>(854,717)</u>
(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(2,870,062)	1,742,483
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	5,936,227	3,664,087
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	3,066,165	5,406,570

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

Industries Qatar Q.S.C.

INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

For the six months ended 30 June 2009

	<i>Attributable to the equity holders of the parent</i>						<i>Total</i> <i>QR'000</i>	<i>Minority</i> <i>interest</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
	<i>Share</i> <i>capital</i> <i>QR'000</i>	<i>Legal</i> <i>reserve</i> <i>QR'000</i>	<i>Cumulative</i> <i>changes in</i> <i>fair value</i> <i>QR'000</i>	<i>Hedging</i> <i>reserve</i> <i>QR'000</i>	<i>Retained</i> <i>earnings</i> <i>QR'000</i>	<i>Proposed</i> <i>dividend/</i> <i>Bonus issue</i> <i>QR'000</i>			
Balance at 1 January 2008 (Audited)	5,000,000	141,309	309,585	(103,412)	5,819,558	2,500,000	13,667,040	11,046	13,678,086
Total comprehensive income for the period	-	-	69,153	873	4,594,457	-	4,664,483	829	4,665,312
Issue of bonus shares	500,000	-	-	-	-	(500,000)	-	-	-
Dividends paid (Note 13)	-	-	-	-	-	(2,000,000)	(2,000,000)	(1,125)	(2,001,125)
Balance at 30 June 2008 (Reviewed)	5,500,000	141,309	378,738	(102,539)	10,414,015	-	16,331,523	10,750	16,342,273
Balance at 1 January 2009 (Audited)	5,500,000	141,832	141,213	(634,665)	8,694,589	4,400,000	18,242,969	11,493	18,254,462
Total comprehensive income for the period	-	-	(18,802)	305,321	2,630,998	-	2,917,517	1,148	2,918,665
Dividends paid (Note 13)	-	-	-	-	-	(4,400,000)	(4,400,000)	(1,125)	(4,401,125)
Balance at 30 June 2009 (Reviewed)	5,500,000	141,832	122,411	(329,344)	11,325,587	-	16,760,486	11,516	16,772,002

The attached notes 1 to 17 form part of these interim condensed consolidated financial statements.

Industries Qatar Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
At 30 June 2009

1 CORPORATE INFORMATION

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

IQ, its subsidiaries and joint venture companies (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:

Entity Name	Country of incorporation	Relationship	Ownership interest
Qatar Steel Company Q.S.C	Qatar	Subsidiary	100%
Qatar Petrochemical Company Limited Q.S.C	Qatar	Joint venture	80%
Qatar Fertiliser Company (S.A.Q)	Qatar	Joint venture	75%
Qatar Fuel Additives Company Limited Q.S.C.	Qatar	Joint venture	50%
Fereej Real Estate Company Q.S.C.	Qatar	Joint venture	34%

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2009 were authorised for issue by Chairman and the Vice Chairman on 13 August 2009.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These interim condensed consolidated financial statements are prepared in accordance with the International Financial Reporting Standard IAS 34 *Interim Financial Reporting* (“IAS 34”) and have been presented in Qatari Riyals, which is the Group’s functional and presentation currency. All values are rounded to the nearest thousands (QR’000) except when otherwise indicated.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the 2008 annual consolidated financial statements and the notes attached thereto. In addition, results for the six months ended 30 June 2009 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2009.

Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2008, except for the adoption of new standards as noted below:

During the period, the Group has adopted the following Standards effective for the annual periods beginning on or after 1 January 2009.

IAS 1 Presentation of Financial Statements (Revised)

The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income: it presents all items of recognised income and expenses, either in one single statement, or in two linked statements. The Group has elected to present two statements.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (continued)

Significant accounting policies (continued)

IAS 23 (Revised) Borrowing Costs

The Standard has been revised to require capitalisation of borrowing costs when such costs relate to qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The Group had already adopted the policy of capitalising borrowing costs on qualifying assets and hence adoption of this Standard did not have any effect on the financial performance or position of the Group.

IFRS 8 Operating Segments

This standard requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary (business) and secondary (geographical) reporting segments of the Group. Adoption of this standard did not have any effect on the financial position or performance of the Group. The Group determined that the operating segments were the same as the business segments previously identified under IAS 14 Segment Reporting.

3 INCOME FROM GOVERNMENT GRANT

In May 2009, the Ministry of Economy and Finance, based on the Group's request for compensation against fixing of steel prices for local sales in 2008, have compensated the Group with an amount of QR 1,165,711 thousand. This has been disclosed as income from government grants in the statement of comprehensive income.

4 INVENTORIES

During the six months ended 30 June 2009, inventories amounting to QR 23.76 million have been written off being the difference between net realisable value and the cost.

5 BASIC AND DILUTED EARNINGS PER SHARE

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

	<i>Six months ended</i>	
	<i>30 June</i>	
	<i>2009</i>	<i>2008</i>
	<i>QR'000</i>	<i>QR'000</i>
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Profit attributable to the equity holders of the parent for the period	<u>2,630,998</u>	<u>4,594,457</u>
Weighted average number of shares outstanding during the period (in thousands)	<u>550,000</u>	<u>550,000</u>
Basic and diluted earnings per share (expressed in QR per share)	<u><u>4.78</u></u>	<u><u>8.35</u></u>

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

Industries Qatar Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
At 30 June 2009

6 PROPERTY, PLANT AND EQUIPMENT

	<i>30 June 2009 QR'000 (Reviewed)</i>	<i>31 December 2008 QR'000 (Audited)</i>
Opening net book value	6,137,619	6,364,035
Additions	408,993	241,733
Transfers	-	(20,067)
Reclassifications	38,365	-
Disposals	(580)	(3,999)
Depreciation	<u>(238,112)</u>	<u>(444,083)</u>
Closing net book value	<u>6,346,285</u>	<u>6,137,619</u>

7 PROJECTS UNDER DEVELOPMENT

	<i>30 June 2009 QR'000 (Reviewed)</i>	<i>31 December 2008 QR'000 (Audited)</i>
Qatofin LLDPE plant facilities	1,011,225	915,342
Ras Laffan Olefin Company - plant and facilities	917,806	824,450
QAFCO-5 Project	4,153,967	2,745,815
Qatar Melamine Project	375,121	348,098
QAFAC II project	58,240	58,240
New Bar Mill Project at Dubai Plant (Qatar Steel)	<u>241,283</u>	<u>218,650</u>
	6,757,642	5,110,595
<i>Properties under development:</i>		
IQ Tower	27,597	27,597
Fereej Project	<u>66,086</u>	<u>48,287</u>
	<u>6,851,325</u>	<u>5,186,479</u>

8 INVESTMENTS IN ASSOCIATES

The Group has the following investments in associates:

	<i>30 June 2009 QR'000 (Reviewed)</i>	<i>31 December 2008 QR'000 (Audited)</i>
	<i>Ownership</i>	<i>Country of incorporation</i>
Qatar Metal Coating Company Q.S.C.	50.00%	Qatar
United Stainless Steel Company	25.00%	Bahrain
Gulf Industrial Investment Company	25.00%	Bahrain
Qatar Vinyl Company Ltd. (Q.S.C)	25.52%	Qatar
Qatar Plastic Products Company W.L.L	26.66%	Qatar
Gulf United Steel Company (Foulath)		
B.S.C Closed	25.00%	Bahrain
		<u>19,554</u>
		<u>57,893</u>
		<u>909,818</u>
		<u>375,291</u>
		<u>11,727</u>
		<u>43,698</u>
		<u>1,417,981</u>
		<u>19,491</u>
		<u>70,392</u>
		<u>962,414</u>
		<u>379,735</u>
		<u>11,430</u>
		<u>43,698</u>
		<u>1,487,160</u>

Industries Qatar Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)
At 30 June 2009

9 OTHER FINANCIAL ASSETS AND LIABILITIES

	<i>30 June 2009 QR'000 (Reviewed)</i>	<i>31 December 2008 QR'000 (Audited)</i>
Other financial assets		
<i>Derivatives:</i>		
Forward foreign exchange contract collar – Current	<u>25,478</u>	<u>120,755</u>
Other financial liabilities		
<i>Derivatives:</i>		
Interest rate swaps	<u>300,568</u>	<u>589,668</u>
Forward foreign exchange contract collar	<u>33,551</u>	<u>165,751</u>
	<u>334,119</u>	<u>755,419</u>

Presented in the interim consolidated statement of financial position as follows:

Non current portion	<u>300,568</u>	<u>589,668</u>
Current portion	<u>33,551</u>	<u>165,751</u>
	<u>334,119</u>	<u>755,419</u>

10 CASH AND CASH EQUIVALENTS

	<i>30 June 2009 QR'000 (Reviewed)</i>	<i>31 December 2008 QR'000 (Audited)</i>
Bank balances and cash	<u>4,745,865</u>	<u>9,445,207</u>

For statement of cash flows purpose cash and bank balances are classified as follows:

	<i>30 June 2009 QR'000 (Reviewed)</i>	<i>31 December 2008 QR'000 (Audited)</i>
Bank balances and cash	<u>4,745,865</u>	9,445,207
Less: Fixed deposits maturing after 90 days	<u>(1,679,700)</u>	<u>(3,508,980)</u>
	<u>3,066,165</u>	<u>5,936,227</u>

11 SHARE CAPITAL

	<i>30 June 2009 QR'000 (Reviewed)</i>	<i>31 December 2008 QR'000 (Audited)</i>
Authorised, issued and paid-up: 550,000,000 shares of QR 10 each (31 December 2008 : 550,000,000 shares of QR 10 each)	<u>5,500,000</u>	<u>5,500,000</u>

12 INTEREST BEARING LOANS AND BORROWINGS

	<i>Interest rate</i>	<i>Entity</i>	<i>Currency</i>	<i>Maturity date</i>	<i>30 June 2009 QR'000 (Reviewed)</i>	<i>31 December 2008 QR'000 (Audited)</i>
Loan 1	LIBOR plus 2%	Qatar Steel	US\$	2009	-	123,709
Loan 2	LIBOR plus 2%	Qatar Steel	US\$	2009	-	764,715
Loan 3	LIBOR plus 0.9%	Qatar Steel	US\$	2014	104,606	127,851
Loan 4	LIBOR plus applicable margin	Qatar Steel	US\$	2016	1,701,683	1,760,665
Loan 5	Fixed 3.21625%	Qatar Steel	US\$	2009	-	182,075
Loan 6	Fixed 4.4375%	Qatar Steel	US\$	2009	-	255,213
Loan 7	LIBOR plus 0.5%	QAFAC	US\$	2011	155,974	192,010
Loan 8	LIBOR plus applicable margin	QAFCO	US\$		1,880,525	1,335,206
Loan 9 (i)	QCB reference rate plus applicable margin of 2.45%	Fareej Real Estate	QR	2014	33,745	-
Syndicated loan	LIBOR plus applicable margin	QATOFIN	US\$	2020	1,380,209	1,167,666
Other short term loans		Qatar Steel			34,702	127,991
					5,291,444	6,037,101
Less : repayments due within one year					(258,242)	(2,668,076)
Total non-current portion					5,033,202	3,369,025

Note:

- (i) During 2009, Fereej Real Estate Company Q.S.C. obtained a term loan of QR 100.00 million (Group's share: QR 33.75 million) from a commercial bank in Qatar to finance working capital requirement and investment in properties. The loan matures on 15 June 2014 and is repayable in 5 annual instalments of QR 20.00 million each. This term loan is secured by a first charge over the land and building owned by Fereej Real Estate Company Q.S.C with a carrying value of QR 199.98 million. The loan carries interest of Qatar Central Bank rate of 5.55% plus a margin of 2.45%.

13 DIVIDENDS PAID

	<i>Six months ended 30 June</i>	
	<i>2009 QR'000 (Reviewed)</i>	<i>2008 QR'000 (Reviewed)</i>
QR 8 per share (30 June 2008 : QR 4 per share)	4,400,000	2,000,000

14 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 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 consolidated income statement during the six months ended 30 June 2009 and 2008 are as follows:

<i>Period ended 30 June 2009 (Reviewed)</i>	<i>Sales QR'000</i>	<i>Purchases QR'000</i>	<i>Selling and other expenses QR'000</i>	<i>Lease rental payments QR'000</i>	<i>Other income QR'000</i>
Major shareholders	61,988	623,874	7,190	5,118	910
Associates	77,561	168,186	-	-	12,514
Joint ventures	2,822	547	729	-	1,546
Other related parties	814,992	6,356	43,580	8,941	5,237
	957,363	798,963	51,499	14,059	20,207

<i>Period ended 30 June 2008 (Reviewed)</i>	<i>Sales QR'000</i>	<i>Purchases QR'000</i>	<i>Selling and other expenses QR'000</i>	<i>Lease rental payments QR'000</i>	<i>Other income QR'000</i>
Major shareholders	382,349	943,832	5,525	4,073	2,297
Associates	435,861	172,972	-	-	12,666
Joint ventures	-	843	-	-	1,262
Other related parties	1,884,634	2,228	71,237	6,339	4,709
	2,702,844	1,119,875	76,762	10,412	20,934

Related party balances

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

Due from related parties

	<i>30 June 2009 QR'000 (Reviewed)</i>	<i>31 December 2008 QR'000 (Audited)</i>
Major shareholder	60,815	138,186
Joint Ventures	10,752	7,550
Associates	97,962	111,318
Other related parties	283,948	309,065
	453,477	566,119

14 RELATED PARTY DISCLOSURES (continued)**Related party balances (continued)***Due to related parties*

	<i>30 June 2009 QR'000 (Reviewed)</i>	<i>31 December 2008 QR'000 (Audited)</i>
Major shareholder	199,249	742,134
Joint Ventures	10,591	4,004
Associates	1,842	1,402
Other related parties	70,844	110,739
	<u>282,526</u>	<u>858,279</u>

Compensation of key management personnel

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

	<i>Six months ended 30 June</i>	
	<i>2009 QR'000 (Reviewed)</i>	<i>2008 QR'000 (Reviewed)</i>
Short term benefits	12,709	10,940
Employees' end of service benefits	639	379
	<u>13,348</u>	<u>11,319</u>

15 CONTINGENCIES

At 30 June 2009, 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, amounting to QR 363 million (31 December 2008: QR 561 million).

16 EXPENDITURE COMMITMENTS

	<i>30 June 2009 QR'000 (Reviewed)</i>	<i>31 December 2008 QR'000 (Audited)</i>
Capital expenditure commitments:		
Estimated capital expenditure contracted for at the end of the reporting period but not provided for:		
Property, plant and equipment	<u>8,142,219</u>	<u>8,394,013</u>
Operating lease commitments		
Future minimum lease payments:		
Within one year	29,385	28,368
After one year but not more than five years	46,539	55,685
More than five years	<u>191,437</u>	<u>205,103</u>
Total operating lease expenditure contracted for at the end of the reporting period	<u>267,361</u>	<u>289,156</u>

17 SEGMENT INFORMATION

For management purposes, the group is organised into business units based on their products and services, and has four 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 real estate segment which is involved in the real estate investment, property management and property rentals.

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 present revenue and profit information regarding the Group's operating segments for the six months ended 30 June 2009 and 2008 respectively:

	<i>Petrochemicals</i> <i>QR'000</i>	<i>Fertilizers</i> <i>QR'000</i>	<i>Steel</i> <i>QR'000</i>	<i>Real Estate</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
<i>Six month period ended 30 June 2009 (Reviewed)</i>					
Total revenue	<u>1,334,075</u>	<u>1,167,784</u>	<u>2,004,481</u>	<u>634</u>	<u>4,506,974</u>
Results:					
Segment results	<u>804,985</u>	<u>622,915</u>	<u>1,164,821</u>	<u>1,818</u>	2,594,539
Unallocated income					44,409
Unallocated expense					<u>(6,802)</u>
Profit for the period					<u><u>2,632,146</u></u>

Industries Qatar Q.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

At 30 June 2009

17 SEGMENT INFORMATION (continued)

Operating segments (continued)

	<i>Petrochemicals</i> <i>QR'000</i>	<i>Fertilizers</i> <i>QR'000</i>	<i>Steel</i> <i>QR'000</i>	<i>Real Estate</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
<i>Six month period ended 30 June 2008 (Reviewed)</i>					
Total revenue	<u>2,309,972</u>	<u>2,281,953</u>	<u>3,084,063</u>	<u>-</u>	<u>7,675,988</u>
Results:					
Segment results	<u>1,580,423</u>	<u>1,717,007</u>	<u>1,224,457</u>	<u>-</u>	<u>4,521,887</u>
Unallocated income					78,610
Unallocated expense					<u>(5,211)</u>
Profit for the period					<u>4,595,286</u>

The following table present segmental assets regarding the Group's operating segments at 30 June 2009 and 31 December 2008:

	<i>Petrochemicals</i> <i>QR'000</i>	<i>Fertilizers</i> <i>QR'000</i>	<i>Steel</i> <i>QR'000</i>	<i>Real estate</i> <i>QR'000</i>	<i>Adjustments</i> <i>QR'000</i>	<i>Total</i> <i>QR'000</i>
Segment assets:						
At 30 June 2009 (Reviewed)	<u>6,821,640</u>	<u>8,731,183</u>	<u>7,469,664</u>	<u>218,721</u>	<u>443,518</u>	<u>23,684,726</u>
At 31 December 2008 (Audited)	<u>7,913,243</u>	<u>9,169,329</u>	<u>9,085,252</u>	<u>-</u>	<u>1,281,838</u>	<u>27,449,662</u>

Notes :

- (i) The amount included in the adjustment column represents assets carried in the books of Industries Qatar.
- (ii) The above segmental reporting relates only to the subsidiaries and joint venture companies.