

Notice to Shareholders

Industries Qatar Q.P.S.C.

We are pleased to invite you to attend the Company's Ordinary and Extraordinary Assembly Meetings to be held on Sunday, March 4th, 2018 at 4:00 pm in Al Wajba Ballroom, La Cigale Hotel - Doha. In case a quorum is not met, a second meeting will be held on Sunday, March 11th, 2018 at 4:00 pm in the same location.

Agenda of the Ordinary General Assembly Meeting

1. Listen to the Chairman's Message for the financial year ended December 31, 2017.
2. Listen and approve the Board of Directors' Report on IQ's operations and financial performance for the financial year ended December 31, 2017, and the future plans of the company.
3. Listen and approve the Auditors' Report on IQ's consolidated financial statements for the financial year ended December 31, 2017.
4. Approve IQ's financial statements for the financial year ended December 31, 2017.
5. Approve the 2017 Corporate Governance Report.
6. Approve the Board's recommendation for a dividend payment of QR 5 per share, representing 50% of the nominal share value.
7. Absolve the Board of Directors from responsibility for the year 2017 and approve their remuneration.
8. Appointment of the external auditors for the financial year ending December 31, 2018 and determine their fees.

Notes

1. Please bring your Identity Card and NIN number issued by the Qatar Exchange to the venue of the General Assembly meetings for registration, which will commence at 3:00 pm.
2. If you are not able to attend personally, you may wish to authorize another IQ shareholder to attend and vote on your behalf in the General Assembly meetings. You can do this by using a proxy form, which you can download from the Company's Website: www.iq.com.qa.
3. Once completed and signed, the proxy form must be delivered to Industries Qatar no less than 48 hours prior to the commencement of the General Assembly meetings.
4. A shareholder may act as proxy for one or more shareholders according to the Company's Articles of Association.
5. Shareholders are advised that this Notice to Shareholders constitutes good and valid notice, with no need for distribution by normal post, under the Company's Articles of Association as approved by amendment under Extraordinary General Assembly Resolution of 20 April, 2009.

Eng. Saad Sherida Al-Kaabi
Chairman and Managing Director

Agenda of the Extraordinary General Assembly Meeting

1. Amending some provisions of the Company's Articles of Association

ARTICLE (5) OBJECTS OF THE COMPANY

Former Article reads as follows:
(5-1-11)

to do all things that are in the opinion of the Directors incidental or conducive to the attainment of all or any of the Company's objects, or the exercise of all or any of its powers;

Amended Article reads as follows:
(5-1-11)

to do all such other things that the Directors may consider incidental or conducive to the attainment of all or any of the Company's objects, or the exercise of all or any of its powers.

The Board may enter into financing agreements for terms exceeding three years, and may sell or mortgage Company's assets, or release creditors of the Company from their liabilities.

Article (13-2) Dividends

Former Article reads as follows:
(13-2-1)

Dividends shall, by resolution of the General Assembly, be distributed to shareholders not less than five (5) percent of the net profits of the Company after deducting legal deductions, provided that the dividend shall not exceed the amount recommended by the Board.

Amended Article reads as follows:
(13-2-1)

Without prejudice to the Company's ability to fulfill its obligations to third parties, Dividends of not less than five (5) percent of the net profits of the Company after deducting legal deductions shall, by resolution of the General Assembly, be distributed to registered shareholders at the end of trading session on the day on which the General Assembly is convened, provided that the dividend shall not exceed the amount recommended by the Board.

ARTICLE (23) ELIGIBILITY OF DIRECTORS

Former Article reads as follows:
(23-2)

No person (other than with the approval of the General Assembly) shall become a Director if by so doing he shall become a member of the Board of Directors of more than:
a) two companies undertaking business activities similar to the Company or its Affiliates; or
b) three Qatari Joint Stock Companies.

Amended Article reads as follows:
(23-2)

No person (other than with the approval of the Special Shareholder) shall become a Director if by so doing he shall become a Director of more than:
a) two companies undertaking business activities similar to the Company or its Affiliates; or
b) three Qatari shareholding companies.

Article (24) Term and Vacation of Office of Directors

Former Article reads as follows:
(24-1)

Directors shall be appointed for three (3) yearly renewable periods or such shorter periods (being no less than one (1) year) as may be resolved by the General Assembly from time to time

(24-2-2)

The office of a Director shall be vacated by such Director: if he absents himself from three (3) consecutive or five (5) non-consecutive Board meetings (within his term of appointment) without an excuse being accepted by the Board;

Amended Article reads as follows:
(24-1)

Directors shall be appointed for three (3) yearly renewable periods or such shorter periods (being no less than one (1) year) as may be resolved by the Special Shareholder. Unless otherwise decided by the General Assembly, Directors' term of office shall expire on the date on which the General Assembly convened in the final year of their term of office.

(24-2-2)

The office of a Director shall be vacated by such Director: if he absents himself from three (3) consecutive or four (4) non-consecutive Board meetings (during his term of office) without an excuse being accepted by the Board.

ARTICLE (34) QUORUM FOR BOARD MEETING

Former Article reads as follows:

The number of Directors required to constitute a quorum in respect of any matter to be considered and acted upon by the Board shall be two Directors.

Amended Article reads as follows:

Board meeting shall not be valid unless attended by the majority of Directors thereof, provided that the Chairman or the Vice Chairman is amongst them.

Article (35) Resolutions in Writing

Former Article reads as follows:

The Board of Directors may, in case of necessity and on urgency grounds, issue resolutions in writing by circulation subject to written approval on such resolutions by its Directors in accordance with the provisions of Article (37), and the resolution shall be deemed in force and effective for all purposes as if it was adopted at a meeting of the Board. In all cases, the written resolution shall be submitted at the next meeting of the Board, to be included in the minutes of the meeting.

Amended Article reads as follows:

The Board of Directors may, in case of necessity and on urgency grounds, issue resolutions in writing by circulation subject to written approval on such resolutions by all Directors. The resolution shall be deemed in force and effective for all purposes as if it was adopted at a duly called meeting of the Board. In all cases, the written resolution shall be submitted at the next meeting of the Board, to be included in the minutes of the meeting.

Article (41) Appointment of Chairman and Vice Chairman

Former Article reads as follows:
(41-1)

The Special Shareholder shall appoint a Chairman of the Board ("Chairman") and QP may elect a deputy Chairman of the Board ("Deputy Chairman") from among the Directors.

(41-2)

The Chairman and the Deputy Chairman (if any) shall remain in office for a renewable period of three (3) years, or such shorter period (not less than one (1) year) as may be decided from time to time by the General Assembly (and any Director appointed to fill a vacancy on the Board created by the death, resignation or removal of a Director who was the Chairman or Deputy Chairman shall also serve in that capacity for the balance of that term).

Amended Article reads as follows:

(41-1)

The Special Shareholder shall appoint a Chairman of the Board (Chairman) and the Vice Chairman of the Board (Vice Chairman) from among the Directors.

(41-2)

The Chairman and the Vice Chairman (if any) shall remain in office for a renewable period of three (3) years, or such shorter period (not less than one (1) year) as may be decided by the Special Shareholder. Any Director appointed to fill a vacancy on the Board created by the death, resignation or removal of a Director who was the Chairman or Vice Chairman shall also serve in that capacity for the balance of that term.

ARTICLE (44) BOARD TO APPOINT SECRETARY

Former Article reads as follows:

The Special Shareholder may appoint a secretary of the Board ("Company Secretary") for such period and on such terms as it may decide and may revoke such appointment. The Board shall decide on the duties of the Company Secretary and on the scope of his authority.

Amended Article reads as follows:

The Board or the Special Shareholder may take a decision to appoint a Board Secretary (Company Secretary) for such period and on such terms as it may decide and may revoke such appointment. The Board shall decide on the duties of the Company Secretary and on the scope of his authority.

ARTICLE (47) ANNUAL GENERAL ASSEMBLY

Former Article reads as follows:
(47-2)

The Annual General Assembly shall consider the Directors' and Auditors' reports and the balance sheet and profit and loss account for the preceding Financial Year, determine the amount of dividends to be distributed to Shareholders, determine the appointment and removal of Directors and/or Auditors where relevant, determine the remuneration of the Directors and appoint auditors for the period up to the end of the next Financial Year and determine their remuneration.

Amended Article reads as follows:
(47-2)

The Annual General Assembly shall consider and approve the Board of Directors' report on the Company's performance and its financial position during the year, the External Auditors' report, Company's budget, statement of profit and loss, dividend distribution proposed by the Board, absolving Directors from their responsibilities and determining their remuneration and the appointment of the External Auditors and determining their fees.

Article (50) Notice Contents

Former Article reads as follows:
(50-2-1)

The notice shall contain: (i) the time, date and place of the meeting; (ii) a notice to Shareholders that they may appoint a proxy (who is a Shareholder or a Director) to attend on their behalf; (iii) a list of the agenda items to be addressed at the meeting and, where appropriate, a reasonable explanation of such items; (iv) in respect of each agenda item, an indication of whether a resolution is to be proposed for adoption or other voting action is to be taken; and (v) notification that no Shares transferred on the day of the General Assembly shall be recognised by the Company as having been transferred on such day and shall not be registered until the day following such General Assembly.

Amended Article reads as follows:
(50-2-1)

The notice shall contain: (i) the time, date and place of the meeting; (ii) a notice to Shareholders that they may appoint a proxy (who is a Shareholder) to attend on their behalf; (iii) a list of the agenda items to be addressed at the meeting and, where appropriate, a reasonable explanation of such items; (iv) in respect of each agenda item, an indication of whether a resolution is to be proposed for adoption or other voting action is to be taken.

Article (51-1) Assembly by Shareholders

A Shareholder or Shareholders together holding fifteen percent (15%) or more of the Shares may from time to time require by notice in writing to the Company that a General Assembly be convened by the Board (on notice sent to Shareholders in Accordance with Article 50, within fifteen (15) days of such requirement) in accordance with the provisions of these Articles.

IQ Board of Directors' Report (2017)

The Board of Directors is pleased to present this 15th annual report on the financial and operational performance of Industries Qatar, the State of Qatar's premier blue chip group and one of the Middle East's largest and most profitable listed companies.

Financial Results

The group was able to witness sound financial and operating results with stable production and sales volumes together with improved operating costs, and closed the year with a net profit of QR 3.3 billion. These results are exemplary given the challenges encountered by the group during 2017. The group was also able to significantly exceed the budget expectations for 2017.

Product prices across the group remained relatively stable throughout the year, and improved marginally over 2016. The low oil price environment which prevailed during 2016 has notably recovered in 2017 and aided a strong recovery in the polyethylene and fuel additive prices. Prices were also aided by the reduction in supply by the producers in the USA due to unplanned outages. Fertilizer prices remained low during most of 2017, but rebounded significantly in the last quarter of the year. The increase was driven by higher energy prices, lower exports by some key suppliers, and a higher demand in some large economies. Steel prices have remained stable throughout the year, driven by a general increase the raw materials and other related input costs.

Production and sales volumes remained stable despite having a few unplanned outages (in addition to the routine normal planned shutdowns), and the diplomatic dispute in the region. Historically the group was able to sell around ~7% of its petrochemical and fertilizer volumes in these countries prior to the blockade. The blockade did not have any material effect on these volumes, as Muntajat, together with the operating companies have immediately switched these volumes to other destination. Muntajatis strategic relationships with key oil and gas service providers such as the ports were a key factor in smoothly distributing the affected volumes. The steel segments exposure to the region was in the range of 8% to 9% excluding the volumes sold in our subsidiary in the UAE. While the production and sales in the UAE remains somewhat similar, Qatar Steel has found a number of new markets in Asia and the Far-east to sell the remaining quantities previously sold in the other blockade countries. The group was able to achieve this successfully without a material increase in the operating expenditure.

Revenue

Reported revenue for the year ended December 31, 2017 was QR 4.6 billion, remained almost flat, over

the previous year; on a like-for-like basis, management reporting revenue was QR 14.3 billion, a slight increase of ~3% versus 2016.

Petrochemical Segment

The petrochemical segment recorded a revenue of QR 5.7 billion, a year-on-year increase of QR 0.2 billion, or ~3% over 2016. This increase was primarily driven by the higher polyethylene and fuel additive prices due to modest recovery in the oil prices, and supply shortages following the hurricane in the USA. The revenue increase was also driven by higher fuel additive volumes as fuel additive business was on an unplanned shutdown during early 2016 resulting in lower production and sales volumes in 2016.

Fertilizer Segment

Revenue in the fertilizer segment amounted to QR 3.9 billion, an increase of QR 0.3 billion, or ~9%, against the same period of 2016. The increase was driven by both an increase in the sales volumes, and a decent recovery in the fertilizer product prices. Fertilizer prices bottomed out during first half of 2017, mainly due to concerns of over-supply, but recovered strongly in the later part of the year due to increased energy costs, reduced supplies from some large producing geographies and higher demand from some other key consumer markets.

Steel Segment

The steel segment closed the year with revenue of QR 4.6 billion for the twelve months, ended December 31, 2017, remained flat versus the same period of 2016. The marginal reduction in the sales volumes were almost offset by a slight increase in the prices. Steel selling prices fluctuated within a narrow range driven by an increase in the raw materials and other input costs.

Profits and Margins

EBITDA reported for the year ended December 31, 2017 was QR 3.7 billion, a modest increase of QR 0.5 billion, or ~14%, on the prior year. This favorable variance was driven by stronger financial performance of the groups joint ventures, reduced controllable operating expenditure, and the reduced major one-off items in the current year, as the group recognized a one-off expense primarily related the impairment of ~QR 0.4 billion at the fertilizer joint venture in 2016. Net profit for 2017 was QR 3.3 billion, an increase of QR 0.4 billion, or ~12%, against last year, with the

favorable year-on-year variances attributable to the same reasons as the EBITDA variance.

Financial Position and Cash Flows

Total assets reported as at 31 December 2017 was QR 35.5 billion, a slight increase of QR 0.3 billion or 1% on last year. This increase was driven primarily by the increase in the non-current assets particularly the investment in joint ventures / associates and an increase in the current assets due to higher inventory levels and receivables. The increase was partially offset by a slight decrease in the Cash and bank balances. This decrease was mainly driven by a reduced investment cash inflows on account of dividends received from the group companies, and the payment of 2016 dividends of QR 2.4 billion, and repayment of loan instalments (QR 0.5 billion). Total debt as of 31 December 2017 stood at QR 0.5 billion. The groups strong financial position is demonstrated by a very low debt to equity ratio of only ~1% and a strong net cash (total cash and bank balance less total debt) of QR 7.6 billion.

Strategy and Future Plans

The base case business strategy of the group for the next five years will continue to focus on market development by expanding its geographical footprint, and efficiency gains via the on-going cost optimization programs. We will also selectively invest in other capital investment projects, which we believe will increase our competitive position, and add value to our esteemed shareholders. In addition, our efforts on optimization will continue until the group achieves its full potential.

Proposed Dividend Distribution

The Board of Directors proposes a total annual dividend distribution for the year ended December 31, 2017 of QR 3 billion, equivalent to a payout of QR 5 per share and representing a payout ratio of 91.2%.

Conclusion

The Board of Directors expresses its gratitude to His Highness, Sheikh Tamim Bin Hamad Al-Thani, the Emir of the State of Qatar, for his wise guidance and strategic vision. Our gratitude is also extended to the Chairman of the Board of Directors, Mr. Saad Sherida Al-Kaabi, for his vision and leadership, and to the senior management of the group companies for their hard work, commitment and dedication during a challenging financial year.