

NOTICE OF ANNUAL GENERAL MEETING

QIMC's Board of Directors is pleased to invite the shareholders to attend the Annual General Ordinary & Extra Ordinary Meetings, which will be held at the Giwana Ballroom Radisson Blu Hotel, on Wednesday, 8th March, 2017 at 4:00 PM.

[In the absence of the meeting will be held in the same place on 20/03/2016 at 4:00 pm]

Agenda For Annual Ordinary General Assembly

1. Listening to the Board of Director's report on the Company's activities and its financial position for the financial year ending 31st Dec. 2016 as well as future plans.
2. Listening to the Auditor's report on the Company's accounts for the financial year ending 31st December 2016.
3. Discussing the Company's Balance Sheet and the Profit and Loss Accounts for the financial year ending 31st December 2016 and its approval.
4. Endorsing the Board of Directors recommendation regarding the distribution of dividend. The board of Director's recommendation is to distribute to shareholders dividend (30%) QRs. 3 per share for year ended 31/12/2016.
5. Release from liability members of the Board of Directors for the financial year ending 31st December 2016 and determination of their remuneration.
6. Appointment of an external auditor for the financial year 2017 and approval of the auditor's fees.
7. Review the Corporate Governance Report of the Company for year 2016

Agenda For Extraordinary General Assembly

1. Approval for raising of ownership limit for non-Qatari investors to 49% according to provision of Qatari Law No. 9 of 2014
2. Upon approval of the above, authorization to Chairman of the Board to amend the Article of Association in accordance with the 2015 Commercial Companies Law No. 11 and governance regulations No.4 of 2014

BOARD OF DIRECTORS' REPORT

Dear Shareholders,

Qatar Industrial Manufacturing Co. (QIMC) has started its activity in 1990 and soon became, within a short period of time, one of the leading small and medium industrial groups in Qatar, having ownership in eighteen (18) operational industrial establishments. QIMC has presence in all industrial cities of Qatar and is active in petrochemicals, chemicals and building materials, in addition to food industry.

During 2016, QIMC witnessed further development of its existing businesses and the overcoming of their faced difficulties to insure their progress, modify their routes and enhance their production.

Work is also underway to complete the implementation stages of projects under construction, such as KLJ - Organic Qatar (KLJ-Q), where work is still progressing in full swing to complete the civil, mechanical and electrical engineering work. Also the contractor has started the erection of the equipment, which reached the project site, and all production requirements are expected to be completed before end - 2017, on God's will, in order to start the plant commissioning. The company has also signed an agreement with Gulf Chlorine to establish a 50/50 joint venture company for producing and marketing calcium chloride, in addition to the marketing of hydrochloric acid in Qatar. As for the Wood Plastic Composites (WPC) project, which was implemented as an expansion for Qatar Plastic Products Co. (QPPC), has completed the installation of all plant equipment and its commissioning, obtained the "Final Completion Certificate" from Mesaieed Industrial City (MIC) and it is expected to start its commercial production by end-2017. It should be noted that this project had been sponsored by Qatar University for the study of WPC laminates containing fiberglass material to strengthen the products. Furthermore, the design of the Chemical Storage Facility in Ras Laffan Industrial City (RLIC) has been completed, environmental permit and preliminary approval to start civil works on the land were also obtained and it is expected to start the project's civil construction works beginning-2017. Its commercial operation is planned for end-2018, which is expected to provide its services to RLIC based industries by providing them with chemicals produced mainly from QIMC subsidiaries, such as sulfuric acid, hydrochloric acid, caustic soda and others.

QIMC is also exploring the expansion and products' diversification of Qatar Aluminium Extrusion Co. (QALEX), in order to improve decently its incomes. In this connection, the company has signed a contract with international companies to provide the plant with the required

equipment, which includes a new aluminum extrusions line, a coloring vertical powder coating line, a coloring anodizing line, in addition to other supporting units. This expansion commercial production and the growth of its export market is expected to start during 2017. Furthermore, Qatar Paving Stones Co. (QPS) has diversified its production as per the requirements of the local market and manufactured high standards products in terms of quality, colors and finishing for various uses. Moreover, QIMC pursues its hard work to diversify its sources of income by exploring and evaluating more industrial investment opportunities with various reputed international partners, interested in our cooperation or partnership, which will be announced once their opportunity viability is confirmed.

In the real estate sector, we have continued to progress quickly and made significant achievements. In this connection, the company has left its old offices that have been demolished since June 2016, after obtaining the necessary approvals from the concerned authorities for the iconic QIMC tower, to replace the current headquarters, and rented new offices in "Dana Tower" on temporary basis until the completion of its new tower, expected during 2020. Work is also underway to build a residential tower in the company's Lusail land area, where work is planned to start during September 2017, after modifying the design concept, and to be completed by 2020. Concerning the Aba Saleel Logistic Warehouse project, the construction of labor accommodation and related amenities have been completed and leased to the concerned parties, while the Logistic Warehouse's construction is planned to be completed end - 2017.

Finally, I would like to take this opportunity to extend my sincere thanks and gratitude to H. H. Sheikh Tamim Bin Hamad Al-Thani, the Emir of Qatar, H. H. Sheikh Hamad Bin Khalifa Al-Thani, the Father Emir, H. E. Sheikh Abdullah Bin Nasser Al-Thani, Prime Minister & Minister of Interior, H. E. Dr. Mohammed Saleh Al-Sada, Minister of Energy & Industry, H. E. Sheikh Ahmed Bin Jassim Al-Thani, Minister of Economy & Trade, H. E. Ali Shareef Al-Emadi, Minister of Finance and all Ministers of the wise government for their continuous support to the progress and prosperity in this great country. Our thanks are also extended to all government and semi-government institutions, our partners, our distinguished customers and our valuable shareholders for their sustained support to QIMC for the achievement of its objectives and great ambitions.

Abdul Rahman Bin Mohammed Bin Jabor Al-Thani
Chairman

INDEPENDENT AUDITOR'S REPORT

To the shareholders of
Qatar Industrial Manufacturing Company (Q.P.S.C)
Doha - Qatar

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Qatar Industrial Manufacturing Company Q.P.S.C. (the "Company") and its subsidiaries (together referred to as the "Group") which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory notes. In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the group's consolidated financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide separate opinion on these matters. For each matter below our description of how our audit addressed the matters is provided in that context.

Revaluation of other financial assets

As disclosed in note no. (8) to the consolidated financial statements, the Group's other financial assets consist of available for sale financial investments "Quoted securities", available for sale financial investments "Unquoted securities" and held to maturity investments. Available for sale financial investments are measured at fair value while held to maturity financial assets are measured at amortised cost. Furthermore, the management consideration to impairment of available for sale financial investments including held to maturity has been disclosed in the notes no. (3) & (8) to the consolidated financial statements.

The risk is that other financial assets are impaired and no such reasonable impairment losses are provided in accordance to requirements of International Financial Reporting Standards (IFRSs). Considering the areas of management assumptions and judgments. Accordingly, other financial assets might be with carrying amounts greater than estimated recoverable amounts.

Our audit procedures in this area included, amongst others; assessed and tested the design and operating effectiveness of the relevant controls over the other financial assets impairment.

Selecting samples of other financial assets using our professional sampling techniques, we checked whether there is an objective evidence that an impairment exists on these other financial assets and assessed the reasonable of impairment losses in accordance to the IFRS requirements.

We assessed whether the related disclosures of this area were adequate in accordance to requirements of International Financial Reporting Standards (IFRSs).

Other matter

The consolidated financial statements of the Group for the year ended December 31, 2015 were audited by other independent auditors whose reports dated February 7, 2016, expressed an unqualified audit opinion on those consolidated financial statements.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Board of Directors report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with Governance for the consolidated financial statements

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the applicable provisions of Qatar Commercial Companies' Law and for such internal control as the Board determines is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable,

matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of Board of Directors' use of a material uncertainty basis of accounting and based on the audit evidence obtained, whether the material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulations precludes public disclosures about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Further, as required by Qatar Commercial Companies' Law, we of the opinion that proper books of account have been kept by the Company, physical inventors verification has been duly carried out, we have obtained all the information and explanations we considered necessary for the purpose of our audit. We are not aware of any violations of the provisions of the Qatar Commercial Companies Law no. 11 of 2015 or the terms of the company's Articles of Association having occurred during the year which might have had a material effect on the business of the Company or its financial position as at 31 December 2016.

Rödl & Partner
Middle East
Certified Public Accountants

Hikmat Mukhaimer, FCCA (UK)
(License No. 297)

Doha - Qatar
11 of 2015 or 17

CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 DECEMBER 2016

	31 December 2016 Qatari Riyals	31 December 2015 Qatari Riyals
ASSETS		
Property, plant and equipment	592,904,363	485,041,096
Investment property	53,528,841	48,921,869
Equity - accounted investees	635,336,828	599,501,145
Other financial assets	155,612,867	163,189,058
Due from related parties	133,451,517	134,568,039
Non-current assets	1,570,834,416	1,431,221,207
Inventories	46,514,777	114,109,039
Trade and other receivables	276,093,202	162,595,951
Due from related parties	13,699,241	10,096,334
Cash and bank balances	132,520,081	130,232,974
Current assets	468,827,301	417,034,298
TOTAL ASSETS	2,039,661,717	1,848,255,505
EQUITY		
Share capital	475,200,000	475,200,000
Legal reserve	250,000,000	250,000,000
General reserve	43,970,860	43,970,860
Revaluation reserve	182,499,480	182,499,480
Fair value reserve	74,044,611	50,835,473
Retained earnings	528,837,650	486,065,148
Equity attributable to owners of the Company	1,554,552,601	1,488,570,961
Non - controlling interests	97,187,412	31,765,677
Total equity	1,651,740,013	1,520,336,638
LIABILITIES		
Borrowings - non-current portion	107,554,037	30,929,628
Employees' end of service benefits	19,054,369	16,964,019
Non-current liabilities	126,608,406	47,893,647
Bank overdraft	4,467,121	3,211,761
Borrowings - current portion	11,027,011	16,022,144
Trade and other payables	111,933,440	96,899,813
Due to related parties	133,885,726	163,891,502
Total current liabilities	261,313,298	280,025,220
Total liabilities	387,921,704	327,918,867
TOTAL EQUITY AND LIABILITIES	2,039,661,717	1,848,255,505

These consolidated financial statements were approved by the Board of Directors and were signed on its behalf by the following on 8 February 2017:

Sheikh Abdulrahman Bin Mohd.Jabor Al-Thani
Chairman

Mr. Abdul Rahman Al-Ansari
Chief Executive Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	31 December 2016 Qatari Riyals	31 December 2015 Qatari Riyals
Revenue	1,079,214,907	490,217,151
Costs of sales	(882,723,228)	(403,618,795)
Gross profit	196,491,679	86,598,356
Other income	10,374,566	8,046,096
Sales and distribution expenses	(21,213,696)	(16,485,783)
General and administrative expenses	(55,665,250)	(41,140,999)
Operating Profit	129,987,299	37,017,670
Net share of results from equity - accounted investees	134,782,647	149,353,750
Income from investments and financial assets	6,423,031	8,321,563
Finance costs	(1,359,995)	(2,126,258)
Impairment of available-for-sale financial assets	(18,813,314)	(12,344,506)
Loss on disposal of PPE	(918,981)	-
Net profit before board of directors' remuneration	250,100,687	180,222,219
Board of directors' remuneration	(7,000,000)	(6,000,000)
Net profit for the year	243,100,687	174,222,219
Other comprehensive income		
Reclassification to statement of profit or loss on sale of available-for-sale financial assets	(397)	(74,961)
Reclassification to statement of profit or loss on impairment of available-for-sale financial assets	18,813,314	12,344,506
Net change in fair value of available-for-sale financial assets	(4,756,191)	(37,775,917)
Share of change in fair value reserve from equity - accounted investees	9,152,412	(15,829,671)
Total other comprehensive income (loss)	23,209,132	(41,336,043)
Total comprehensive income for the year	266,309,825	132,886,176
Profit attributable to:		
Owners of the Company	193,878,952	168,831,142
Non-controlling interests	49,221,735	5,391,077
243,100,687	174,222,219	
Total comprehensive income attributable to:		
Equity holders of the Company	217,088,090	127,495,099
Non-controlling interests	49,221,735	5,391,077
266,309,825	132,886,176	
Basic earnings per share (QR)	4.08	3.55