

**QATAR INDUSTRIAL MANUFACTURING
COMPANY Q.S.C.**

**CONDENSED CONSOLIDATED
INTERIM FINANCIAL INFORMATION**

**AS AT AND FOR THE SIX MONTH PERIOD ENDED
30 JUNE 2015**

Qatar Industrial Manufacturing Company Q.S.C.

Condensed consolidated interim financial information
As at and for the six month period ended 30 June 2015

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Independent auditors' report on review of condensed consolidated interim financial information to the Board of Directors of Qatar Industrial Manufacturing Company (Q.S.C.)

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Qatar Industrial Manufacturing Company Q.S.C. (the "Company") as at 30 June 2015, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended, and notes to the consolidated interim financial information.

The Board of Directors is responsible for the preparation and presentation of this condensed interim financial information in accordance with IAS 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

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 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 condensed consolidated interim financial information as at 30 June 2015 is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting".

15 July 2015
Doha
State of Qatar

Yacoub Hobeika
KPMG
Qatar Auditors' Registry Number 289

Condensed consolidated statement of financial position
At 30 June 2015

	<i>Note</i>	<i>30 June 2015 (Reviewed)</i>	<i>31 December 2014 (Audited)</i>
ASSETS			
Non-current assets			
Property, plant and equipment		435,193,590	434,899,597
Investment properties		45,887,839	45,887,839
Equity – accounted investees	4	537,905,005	559,664,897
Other financial assets		186,616,425	194,786,555
Due from related parties	5.a	104,957,296	77,933,562
Total non-current assets		<u>1,310,560,155</u>	<u>1,313,172,450</u>
Current assets			
Inventories		83,993,338	60,753,497
Trade and other receivables	6	90,385,870	79,560,099
Due from related parties	5.b	8,953,031	8,174,700
Cash and banks	7	178,436,487	271,182,239
Total current assets		<u>365,768,726</u>	<u>419,670,535</u>
TOTAL ASSETS		<u>1,672,328,881</u>	<u>1,732,842,985</u>
EQUITY AND LIABILITIES			
EQUITY			
Share capital	8	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		76,146,525	92,171,516
Retained earnings		406,900,916	464,014,785
Equity attributable to owners of the company		<u>1,434,717,781</u>	<u>1,507,856,641</u>
Non – controlling interests		26,331,742	30,374,600
TOTAL EQUITY		<u>1,461,049,523</u>	<u>1,538,231,241</u>
LIABILITIES			
Non-current liabilities			
Borrowings – non-current portion		27,486,613	32,085,935
Employees’ end of service benefits		16,076,551	14,725,544
Notes payable	9	1,703,811	1,703,811
Total non-current liabilities		<u>45,266,975</u>	<u>48,515,290</u>
Current liabilities			
Bank overdraft	7	2,815,203	1,790,997
Borrowings – current portion		12,927,263	16,284,684
Trade and other payables		74,195,536	69,122,955
Notes payables	9	876,806	2,244,044
Due to related parties	5.c	75,197,575	56,653,774
Total current liabilities		<u>166,012,383</u>	<u>146,096,454</u>
TOTAL LIABILITIES		<u>211,279,358</u>	<u>194,611,744</u>
TOTAL EQUITY AND LIABILITIES		<u>1,672,328,881</u>	<u>1,732,842,985</u>

These condensed consolidated interim financial information were approved by the Board of Directors and signed on its behalf by the following on 15 July 2015:

Sheikh Abdulrahman Bin Mohd. Jabor Al-Thani
Chairman

Mr. Abdul Rahman Al-Ansari
Chief Executive Officer

The notes on pages 6 to 10 form an integral part of these condensed consolidated interim financial information.

Condensed consolidated statement of profit or loss and other comprehensive income
For the six month period ended 30 June 2015

	<i>Note</i>	For the six month period ended 30 June	
		2015	2014
		<i>(Reviewed)</i>	<i>(Reviewed)</i>
Sales		175,491,584	169,604,740
Costs of sales		(142,693,624)	(135,725,169)
Gross profit		32,797,960	33,879,571
Other income		3,537,527	4,791,161
General and administrative expenses		(23,408,574)	(22,931,220)
Operating profit		12,926,913	15,739,512
Net share of results from equity – accounted investees	4	66,200,418	54,966,479
Income from investments and other financial assets		7,435,313	13,558,786
Finance costs		(1,159,371)	(1,174,512)
Net profit for the period		85,403,273	83,090,265
Attributable to:			
Owners of the company		85,446,131	80,449,928
Non-controlling interests		(42,858)	2,640,337
		85,403,273	83,090,265
Other comprehensive income			
Net change in fair value of available for sale financial assets		(14,348,551)	(2,642,004)
Reclassification to statement of profit or loss on sale of available-for-sale financial assets		(74,961)	-
Share of change in fair value reserve from equity – accounted investees		(1,601,479)	-
Other comprehensive income for the period		(16,024,991)	(2,642,004)
Total comprehensive income for the period		69,378,282	80,448,261
Attributable to:			
Owners of the company		69,421,140	77,807,924
Non-controlling interests		(42,858)	2,640,337
		69,378,282	80,448,261
Basic earnings per share	10	1.79	1.69

The notes on pages 6 to 10 form an integral part of these condensed consolidated interim financial information.

Condensed consolidated statement of changes in equity
For the six month period ended 30 June 2015

	Attributable to the owners of the company						Total	Non-controlling interests	Total Equity
	Share capital	Legal reserve	General reserve	Revaluation reserve	Fair value reserve	Retained earnings			
Balance at 1 January 2015 (Audited)	475,200,000	250,000,000	43,970,860	182,499,480	92,171,516	464,014,785	1,507,856,641	30,374,600	1,538,231,241
Total comprehensive income for the period:									
Net profit for the period	-	-	-	-	-	85,446,131	85,446,131	(42,858)	85,403,273
Other comprehensive income for the period	-	-	-	-	(16,024,991)	-	(16,024,991)	-	(16,024,991)
Total comprehensive income for the period	-	-	-	-	(16,024,991)	-	69,421,140	(42,858)	69,378,282
Dividends paid	-	-	-	-	-	(142,560,000)	(142,560,000)	(4,000,000)	(146,560,000)
Balance at 30 June 2015 (Reviewed)	475,200,000	250,000,000	43,970,860	182,499,480	76,146,525	406,900,916	1,434,717,781	26,331,742	1,461,049,523
Balance at 1 January 2014 (Audited)	396,000,000	250,000,000	43,970,860	182,499,480	91,576,949	445,291,242	1,409,338,531	32,385,694	1,441,724,225
Total comprehensive income for the period:									
Net profit for the period	-	-	-	-	-	80,449,928	80,449,928	2,640,337	83,090,265
Other comprehensive income for the period	-	-	-	-	(2,642,004)	-	(2,642,004)	-	(2,642,004)
Total comprehensive income for the period	-	-	-	-	(2,642,004)	80,449,928	77,807,924	2,640,337	80,448,261
Issuance of bonus shares	79,200,000	-	-	-	-	(79,200,000)	-	-	-
Dividends paid	-	-	-	-	-	-	-	(5,000,000)	(5,000,000)
Balance at 30 June 2014 (Reviewed)	475,200,000	250,000,000	43,970,860	182,499,480	88,934,945	446,541,170	1,487,146,455	30,026,031	1,517,172,486

The notes on pages 6 to 10 form an integral part of these condensed consolidated interim financial information.

Condensed consolidated statement of cash flows
For the six month period ended 30 June 2015

	<i>Note</i> For the six month period ended 30 June	
	2015 <i>(Reviewed)</i>	2014 <i>(Reviewed)</i>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit for the period	85,403,273	83,090,265
Adjustments for:		
Depreciation	14,718,444	12,670,202
Gain on sale of property, plant and equipment	-	(15,486)
Net share of results from equity-accounted investees	(66,103,369)	(54,966,479)
Profit from sale of investments	1,856	(4,161,816)
Changes in fair of value held for trading investments	-	(517,684)
Impairment of trade and other receivables	300,000	105,638
Employees' for end of service benefits	1,437,079	1,255,763
Finance costs	1,159,371	1,174,512
	<u>36,916,654</u>	<u>38,634,915</u>
Changes in:		
-inventories	(23,239,841)	5,565,926
-trade and other receivables	(11,125,771)	(15,089,429)
-due from related parties	(27,802,065)	(9,217,693)
-trade and other payables	5,072,581	(24,076,505)
-due to related parties	<u>18,543,801</u>	<u>(85,467)</u>
	(1,634,641)	(4,268,253)
Employees' end of service benefits paid	(86,072)	(299,941)
Finance costs paid	(1,159,371)	(1,174,512)
Net cash (used in operating activities)	<u>(2,880,084)</u>	<u>(5,742,706)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(15,012,437)	(20,176,197)
Proceeds from sale of property, plant and equipment	-	15,506
Investment in equity – accounted investees	-	(31,032,436)
Acquisition of available-for-sale investments	(8,458,421)	-
Proceeds from sale of available for sale investments	2,203,183	1,049,415
Proceeds from sale of held for trading investments	-	10,307,839
Dividends received from associate companies	86,261,782	78,184,217
Net cash from investing activities	<u>64,994,107</u>	<u>38,348,344</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Settlement of related party – loan receivable	-	5,754,246
Repayment of borrowings	(7,956,743)	(4,495,097)
Repayment of notes payable	(1,367,238)	(39,771)
Dividends paid	(146,560,000)	(5,000,000)
Liquidation of fixed deposit account	10,000,000	-
Net cash used in financing activities	<u>(145,883,981)</u>	<u>(3,780,622)</u>
Net increase / (decrease) in cash and cash equivalents	(83,769,958)	28,825,016
Cash and cash equivalents at 1 January	<u>259,391,242</u>	<u>149,626,929</u>
Cash and cash equivalents at 30 June	7 <u>175,621,284</u>	<u>178,451,945</u>

The notes on pages 6 to 10 form an integral part of these condensed consolidated interim financial information.

**Notes to the condensed consolidated interim financial information
For the six month period ended 30 June 2015**

1 STATUS AND ACTIVITIES

Qatar Industrial Manufacturing Company (Q.S.C.), (the “Company”) was incorporated on February 11, 1990 by an Amiri Decree No 54 of 1990 under Commercial Registration number 12991. The Company is engaged in industrial manufacturing and various types of industrial investments inside and outside the State of Qatar.

The condensed consolidated interim financial information include the financial information of the branches which are listed below:

	Commercial register number
National Paper Industries	12991/2
Qatar Acids Company	12991/3
Qatar Sand Treatment Plant	12991/4
Qatar Paving Stones	12991/5

Also the condensed consolidated interim financial information include the financial information of the controlled subsidiaries listed below:

	Percentage of holding	
	2015	2014
KLJ Organic – Qatar W.L.L.	60%	60%
Qatar Metals Coating Company W.L.L. (*)	50%	50%

(*) The financial information of Qatar Metals Coating Company W.L.L. “Subsidiary” is consolidated in these condensed consolidated interim financial information as Qatar Industrial Manufacturing Company “Parent” has the power to govern the financial and operating policies of the subsidiary.

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These condensed consolidated interim financial information have been prepared in accordance with International Accounting Standards (“IFRS”) IAS 34 “Interim Financial Reporting”. The condensed consolidated interim financial information are prepared in Qatar Riyals, which is the Company’s presentation functional currency.

These condensed consolidated interim financial information do not include all the information required for a complete set of IFRS financial statements, However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company’s financial position and performance since the last annual financial information as at and for the year ended 31 December 2014.

b) Use of Judgments and estimates

In preparing these condensed consolidated interim financial information, Management make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by Management in applying the Company’s accounting policies and key sources of estimation uncertainty were the same as those that applied to financial information as at and for the year ended 31 December 2014.

**Notes to the condensed consolidated interim financial information
For the six month period ended 30 June 2015**

3 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of measurement

These condensed consolidated interim financial information have been prepared under the historical cost basis except for available-for-sale financial assets and held for trading investments which have been measured at fair value.

b) Significant accounting policies

The accounting policies applied in this condensed consolidated interim financial information are the same as those applied in the Group's financial statements as at and for the year ended 31 December 2014, except for the adoption of the following amendments to standards with initial application of 1st January 2015.

- Amendments to IAS 19, "Defined Benefit Plans : Employee Contribution"
- Annual Improvements to IFRS 2010-2012 Cycle- Various standards
- Annual Improvements to IFRS 2010-2013 Cycle- Various standards

4 EQUITY – ACCOUNTED INVESTEEES

	<i>Nationality</i>	<i>Ownership</i>	2015	2014
			<i>(Reviewed)</i>	<i>(Audited)</i>
Amiantit Qatar Pipes Company W.L.L.	Qatar	40%	25,554,595	23,642,518
Qatar Saudi Gypsum Industries Company W.L.L.	Qatar	33%	28,880,113	29,813,953
Qatar Clay Bricks Company Q.S.C. (*)	Qatar	46.35%	29,269,212	29,479,768
Qatar Plastic Products Company W.L.L.	Qatar	33%	25,415,782	23,804,380
Qatar Jet Fuel Company W.L.L.	Qatar	40%	223,499,807	254,520,414
Qatar Aluminum Extrusion Company Q.S.C.	Qatar	40%	14,181,089	15,754,199
Gasal Company Q.S.C.	Qatar	29.5%	160,416,751	152,218,796
National Food Company Q.S.C.	Qatar	20%	14,615,249	14,327,061
Gulf Formaldehyde Company Q.S.C.	Qatar	20%	15,272,407	15,303,808
Others	Qatar	40%	800,000	800,000
			537,905,005	559,664,897

(*) The Ministry of Environment sent a letter to the Company to stop extraction of quarry that used currently by the Company as they have intention to use the same area as a natural reserve. The Company's operations will continue based on the current inventory and as the date of this report the Company's management is still negotiating the decision of the future activity of the Company to reach the appropriate decision relating to its going concern.

The movement in equity – accounted investees during the period / year are as follows:

	30 June	31 December
	2015	2014
	<i>(Reviewed)</i>	<i>(Audited)</i>
At 1 January	559,664,897	492,680,440
Capital increase	-	31,032,436
Net share of results from equity – accounted investees	66,200,418	110,508,571
Dividends received	(86,261,782)	(78,184,217)
Share of change in fair value reserve	(1,601,479)	5,463,612
Other transactions	(97,049)	(1,835,945)
	537,905,005	559,664,897

**Notes to the condensed consolidated interim financial information
For the six month period ended 30 June 2015**

5 RELATED PARTY DISCLOSURE

These represent transactions with related parties, i.e. shareholders, directors and senior management of the Company and the companies of which they have a significant influence on it. Pricing policies and terms of these transactions are approved by the Company's management.

(a) Due from a related party – noncurrent portion:

	30 June 2015 (Reviewed)	31 December 2014 (Audited)
Gasal Q.S.C. - loan "associate"	98,810,796	71,572,412
Sarplast Qatar W.L.L. - loan "affiliated"	2,146,500	2,361,150
Qatar Clay Bricks Company Q.S.C. - loan "associate"	4,000,000	4,000,000
	<u>104,957,296</u>	<u>77,933,562</u>

(b) Due from related parties – current portion:

	30 June 2015 (Reviewed)	31 December 2014 (Audited)
Gazal Q.S.C. "Associate"	902,131	247,159
Qatar Aluminium Extrusion Company "Associate"	78,709	60,709
Qatar Plastic Products Company "Associate"	4,700,000	4,700,000
Aminatit Qatar Pipes Company "Associate"	121,124	80,170
Sarplast Qatar W.L.L. – loan "Affiliated"	3,005,100	3,005,100
Qatari Saudi Gypsum Company W.L.L. "associate"	115,967	81,562
Others "Associate"	30,000	-
	<u>8,953,031</u>	<u>8,174,700</u>

(c) Due to related parties:

	30 June 2015 (Reviewed)	31 December 2014 (Audited)
Qatar Steel Q.S.C.C.	53,532,523	38,744,178
KIJ Organic – India "Sister company"	21,243,494	17,642,696
Qatar Clay Bricks – Q.S.C.C. "Associate"	421,558	266,900
	<u>75,197,575</u>	<u>56,653,774</u>

6 TRADE AND OTHER RECEIVABLES

	30 June 2015 (Reviewed)	31 December 2014 (Audited)
Trade receivables	65,197,850	51,977,593
Deposit margin	2,982,700	2,982,700
Prepaid expenses	4,164,545	1,458,342
Due from brokers	-	11,094,005
Advances	6,288,167	6,089,221
Other receivables	14,125,652	8,031,282
	<u>92,758,914</u>	<u>81,633,143</u>
Less: Impairment of trade and other receivables	<u>(2,373,044)</u>	<u>(2,073,044)</u>
	<u>90,385,870</u>	<u>79,560,099</u>

**Notes to the condensed consolidated interim financial information
For the six month period ended 30 June 2015**

7 CASH AND BANKS

	30 June 2015 (Reviewed)	31 December 2014 (Audited)
Cash	145,972	27,432
Bank accounts	91,720,114	66,385,052
Term deposits	86,570,401	204,769,755
Cash and banks	178,436,487	271,182,239
Less: Bank overdraft	(2,815,203)	(1,790,997)
Term deposits (more than 3 months)	-	(10,000,000)
Cash and cash equivalents	175,621,284	259,391,242

8 SHARE CAPITAL

	30 June 2015 (Reviewed)	31 December 2014 (Audited)
Authorized, issued and fully paid up share capital 47,520,000 (2014 - 47,520,000 shares) of QR 10 per share	475,200,000	475,200,000

At the ordinary general meeting held on 10 March 2015, the shareholders approved cash dividends of 30% (2014 - cash dividends of 30%).

9 NOTES PAYABLE

This is the discounted amount of long term notes payable that were used to finance the acquisition of the investment property and vehicles. The discount rate used was 6.5%.

The outstanding notes payable as at 30 June 2015 are classified as follows:

	30 June 2015 (Reviewed)	31 December 2014 (Audited)
Current portion	876,806	2,244,044
Non-current portion	1,703,811	1,703,811
	2,580,617	3,947,855

10 BASIC EARNING PER SHARE

Basic earnings per share is calculated by dividing the net profit for the period attributable to the owners of the Company by the weighted average number of ordinary outstanding shares during the period as follows:

	Six month period ended 30 June	
	2015 (Reviewed)	2014 (Reviewed)
Profit for the period attributable to the owners of the Company	85,403,273	80,449,928
Weighted average number of shares outstanding during the period	47,520,000	47,520,000
Basic earnings per share	1.79	1.69

**Notes to the condensed consolidated interim financial information
For the six month period ended 30 June 2015**

11 CONTINGENT LIABILITIES

	<i>30 June 2015 (Reviewed)</i>	<i>31 December 2014 (Audited)</i>
Letters of credit	951,330	16,668,199
Letters of guarantee	-	1,731,185
Capital commitments	105,108,636	49,729,621
Lease commitments	2,982,000	3,066,000
	<u>109,041,966</u>	<u>71,195,005</u>

12 SEGMENTAL REPORTING

The Company operates in the Industrial Manufacturing business segment and the entire Company assets are in the State of Qatar.