

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

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

**AS AT AND FOR THE NINE MONTH PERIOD ENDED
30 SEPTEMBER 2013**

Qatar Industrial Manufacturing Company Q.S.C.
Condensed consolidated interim financial statements
As at and for the nine month period ended 30 September 2013

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COMPILATION REPORT

To
The Board of Directors
Qatar Industrial Manufacturing Company Q.S.C.
Doha
State of Qatar

Introduction

We have compiled the accompanying condensed consolidated interim financial statements of Qatar Industrial Manufacturing Company Q.S.C. and its subsidiaries (the "Group") as at 30 September 2013 based on the information provided to us by the management. These condensed consolidated interim financial statements comprise the statement of financial position as at 30 September 2013 and the statement of comprehensive income for the nine month period then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility

These condensed consolidated interim financial statements and the accuracy and completeness of the information used to compile them are management responsibility.

Accountant's responsibility

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), *Compilation Engagements*.

We have applied our expertise in accounting and financial reporting to assist you in the preparation and presentation of these condensed consolidated interim financial statements on the basis of accounting applied by the management to preparing the condensed consolidated interim financial statements. We have complied with relevant ethical requirements, including principles of integrity, objectivity, professional competence and due care.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these condensed consolidated interim financial statements. Accordingly, we do not express an audit opinion or a review conclusion on whether these condensed consolidated interim financial statements are prepared in accordance with the basis of accounting applied by the management.

Accordingly, these condensed consolidated interim financial statements are for the management use only, and may not be suitable for other purposes.

Our compilation report is intended solely for Board of Directors use in a capacity as the management of the Company.

22 October 2013
Doha
State of Qatar

Accountant's Signature

Condensed Consolidated Interim Statement of Financial Position

At 30 September 2013

	Note	30 September 2013 (Unaudited and Unreviewed)	31 December 2012 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		425,979,640	410,133,133
Investment properties		45,887,839	45,887,839
Investment in associates	2	486,386,729	516,754,721
Other financial assets		213,264,921	158,542,822
Due from related parties	3.a	93,541,908	81,177,034
Total non-current assets		1,265,061,037	1,212,495,549
Current assets			
Inventories		38,020,486	30,372,470
Trade and other receivables		91,738,791	94,548,163
Due from related parties	3.b	32,332,567	16,147,169
Held for trading investments		9,174,557	7,958,000
Cash and cash at banks	4	149,038,683	172,049,050
Total current assets		320,305,084	321,074,852
TOTAL ASSETS		1,585,366,121	1,533,570,401
EQUITY AND LIABILITIES			
EQUITY			
Share capital	5	396,000,000	396,000,000
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		87,132,122	68,344,015
Retained earnings		396,235,117	366,977,375
Equity attributable to equity holders of the company		1,355,837,579	1,307,791,730
Non – controlling interests		32,398,085	28,246,357
TOTAL EQUITY		1,388,235,664	1,336,038,087
LIABILITIES			
Non-current liabilities			
Borrowings – noncurrent portion		51,150,578	50,993,262
Notes payable	6	-	1,481,904
Employees’ end of service benefits		12,340,363	11,273,321
Total non-current liabilities		63,490,941	63,748,487
Current liabilities			
Bank overdraft	4	3,319,046	5,631,076
Borrowings – current portion		11,192,598	13,193,563
Due to related parties	3.c	46,528,436	37,949,146
Notes payables	6	2,952,873	5,819,069
Trade and other payables		69,646,563	71,190,973
Total current liabilities		133,639,516	133,783,827
TOTAL LIABILITIES		197,130,457	197,532,314
TOTAL LIABILITIES AND EQUITY		1,585,366,121	1,533,570,401

Sheikh Abdulrahman Bin Moh’d Bin Jabor Al-Thani
Chairman

Mr. Abdulrahman Al Ansari
Chief Executive Officer

The notes on pages 4 to 6 are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Comprehensive Income
For the nine month period ended 30 September 2013

	Note	Nine month period ended 30 September	
		2013 (Unaudited and Unreviewed)	2012 (Unaudited and Unreviewed)
Sales		260,911,677	272,409,077
Costs of sales		(206,232,667)	(218,338,789)
Gross profit		54,679,010	54,070,288
Group share of results from associates	2	99,564,570	115,864,836
Income from investments		23,776,219	8,149,238
Other income		6,913,954	5,914,407
General and administrative expenses		(29,751,951)	(29,257,660)
Impairment of other financial assets		-	(3,089,633)
Finance costs		(2,402,472)	(1,646,690)
Net profit for the period		152,779,330	150,004,786
Attributable to:			
Equity holders of the company		148,057,742	145,298,777
Non-controlling interests		4,721,588	4,706,009
		152,779,330	150,004,786
Other comprehensive income			
Net change in fair value of other financial assets		18,788,107	6,610,031
Other comprehensive income for the period		18,788,107	6,610,031
Total comprehensive income for the period		171,567,437	156,614,817
Attributable to:			
Equity holders of the company		166,845,849	151,908,808
Non-controlling interests		4,721,588	4,706,009
		171,567,437	156,614,817
Basic earnings per share	7	3.74	3.67

The notes on pages 4 to 6 are an integral part of these condensed consolidated interim financial statements.

**Notes to the Condensed Consolidated Interim Financial Statements
For the nine month period ended 30 September 2013**

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 interim financial information includes the financial information of the Company and those related to its subsidiaries (together referred to as the “Group”). The interim consolidated financial statements of the Group include the financial statements of the parent and controlled subsidiaries listed below:

	Percentage of holding	
	2013	2012
Qatar Acids Company	100%	100%
Qatar Sand Treatment Plant	100%	100%
National Paper Industries	100%	100%
Qatar Paving Stones	100%	100%
Klj Organic – Qatar (Q.S.C.)	60%	51%
Qatar Metal Coating Company W.L.L. *	50%	50%

*The financial statements of Qatar Metal Coating Company W.L.L. “Subsidiary” is consolidated in this condensed consolidated interim financial statements as Qatar Industrial Manufacturing Company “Parent” has the power to govern the financial and operating policies of the subsidiary.

2 INVESTMENT IN ASSOCIATES

	30 September 2013	31 December 2012
	(Unaudited and Unreviewed)	(Audited)
At 1 January	516,754,721	470,632,782
Acquisition / reclassification during the period	10,198,815	21,667,725
Share of profit from associates	99,564,570	163,064,344
Dividends received	(141,795,575)	(137,526,682)
Share of change in fair value reserve	2,535,680	(1,083,448)
Other transactions	(871,482)	-
	486,386,729	516,754,721

Investment in associates includes investment in Qatar Saudi Gypsum Industries Company W.L.L. amounting to QR 26,760,471 as at 30 September 2013. The Ministry of Environment sent a letter to the Company to stop extraction of quarry as they have intention to use the same area as a natural reserve. The Company's operations will continue based on trading activities and as the date of this report the Company's management decision is to continue with the current activity of the Company.

Investment in associates includes investment in Qatar Clay Bricks Company W.L.L. amounting to QR 27,241,433 as at 30 September 2013. The Ministry of Environment sent a letter to the Company to stop extraction of quarry 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 decision is to continue with the current activity of the Company.

Investment in associates includes investment in Gulf Formaldehyde Company Q.S.C. amounting to QR 14,714,472 as at 30 September 2013. The group purchased 5% from Gulf Formaldehyde Company on 26 June 2012 as the result the ownership percentage became 20%, therefore it has been classified as investments in associates as the Group is having significant influence on it. Till the reporting date, the Group is still doing some procedures for the said transaction, particularly those relating to the fair value of the Gulf Formaldehyde Company.

Notes to the Condensed Consolidated Interim Financial Statements
For the nine month period ended 30 September 2013

3 RELATED PARTY DISCLOSURE

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

(a) Due from a related party – long term:

	<i>30 September 2013 (Unaudited and Unreviewed)</i>	<i>31 December 2012 (Audited)</i>
Gasal Q.S.C. – loan	93,541,908	81,177,034

(b) Due from related parties – short term:

	<i>30 September 2013 (Unaudited and Unreviewed)</i>	<i>31 December 2012 (Audited)</i>
Gasal Q.S.C. – loan	27,593,913	11,285,529
Qatar Aluminium Extrusion Company Q.S.C.C. “Associate”	38,654	38,654
Qatar Plastic Products Company W.L.L. “Associate”	4,700,000	4,700,000
Others	-	122,986
	32,332,567	16,147,169

(c) Due to related parties:

	<i>30 September 2013 (Unaudited and Unreviewed)</i>	<i>31 December 2012 (Audited)</i>
Qatar Steel Q.S.C.	35,876,956	32,857,056
Qatar Clay Bricks Company Q.S.C.C.	366,346	-
KIJ Organic – India “Affiliate company”	10,285,134	5,092,090
	46,528,436	37,949,146

4 CASH AND CASH AT BANKS

	<i>30 September 2013 (Unaudited and Unreviewed)</i>	<i>31 December 2012 (Audited)</i>
Cash	184,211	38,907
Bank accounts	124,688,832	143,494,733
Term deposits	24,165,640	28,515,410
	149,038,683	172,049,050
Less:		
Bank overdraft	(3,319,046)	(5,631,076)
Term deposits (more than 3 months)	(10,000,000)	(10,000,000)
Cash and cash equivalents	135,719,637	156,417,974

**Notes to the Condensed Consolidated Interim Financial Statements
For the nine month period ended 30 September 2013**

5 SHARE CAPITAL

	<i>30 September 2013 (Unaudited and Unreviewed)</i>	<i>31 December 2012 (Audited)</i>
Authorized, issued and fully paid up share capital 39,600,000 shares of QR 10 per share	<u>396,000,000</u>	<u>396,000,000</u>

At the ordinary general meeting held on 3 March 2013, the shareholders approved the Board of Directors proposal for cash dividends of 30% (2012 - cash dividends of 30%)

6 NOTES PAYABLE

This is the discounted balance of long term notes payable that were used to finance the acquisition of the investment property in 2007. The discount rate used was 6.5%.

7 BASIC EARNING PER SHARE

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

	Nine month period ended 30 September	
	2013	2012
	<i>(Unaudited and Unreviewed)</i>	<i>(Unaudited and Unreviewed)</i>
Profit for the period attributable to equity holders of the Company	<u>148,057,742</u>	<u>145,298,777</u>
Weighted average number of shares outstanding during the period	<u>39,600,000</u>	<u>39,600,000</u>
Basic earnings per share	<u>3.74</u>	<u>3.67</u>