

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

**CONDENSED
CONSOLIDATED INTERIM FINANCIAL
STATEMENTS**

30 JUNE 2012

Qatar Industrial Manufacturing Company Q.S.C
Interim Financial Condensed Consolidated Statements
For the six month period ended 30 June 2012

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2012

	30 June 2012 <i>(Reviewed)</i>	31 December 2011 <i>(Audited)</i>	30 June 2011 <i>(Reviewed)</i>
<i>Note</i>			
ASSETS			
Non-current assets			
Property, plant and equipment	398,276,398	364,553,198	370,086,117
Investment properties	45,887,839	45,887,839	45,887,839
Due from related parties	4.a 81,736,047	78,432,632	83,183,136
Available-for-sale financial assets	194,496,351	204,537,512	213,534,786
Investment in associates	5 437,943,880	470,632,782	394,136,445
Total non-current assets	1,158,340,515	1,164,043,963	1,106,828,323
Current assets			
Held for trading investments	-	-	14,712,026
Inventories	29,574,933	27,582,822	33,570,588
Trade and other receivables	6 90,647,413	78,540,996	37,937,158
Due from related parties	4.a 21,940,892	12,982,199	9,322,656
Cash and cash equivalents	7 167,938,559	153,195,805	92,160,713
Total current assets	310,101,797	272,301,822	187,703,141
TOTAL ASSETS	1,468,442,312	1,436,345,785	1,294,531,464
LIABILITIES AND EQUITY			
LIABILITIES			
Non-current liabilities			
Employees' end of service benefits	10,759,028	9,321,945	7,127,232
Notes payable	8 4,412,987	7,300,973	10,146,495
Borrowings – non current portion	41,978,641	31,093,569	35,492,127
Total non-current liabilities	57,150,655	47,716,487	52,765,854
Current liabilities			
Trade and other payables	70,070,109	67,115,260	51,024,093
Due to related parties	4.b 46,854,561	27,894,616	-
Borrowings – current portion	15,945,778	10,726,925	8,593,973
Bank overdraft	5,624,186	1,109,315	918,073
Total current liabilities	138,999,684	106,846,116	60,536,139
TOTAL LIABILITIES	196,150,339	154,562,603	113,301,993
EQUITY			
Share capital	9 396,000,000	396,000,000	396,000,000
Legal reserve	250,000,000	250,000,000	180,000,000
General reserve	43,970,860	43,970,860	43,970,860
Revaluation reserve	182,499,480	182,499,480	182,499,480
Fair value reserve	89,207,100	97,829,648	102,224,416
Retained earnings	282,895,374	282,708,537	248,945,168
Equity attributable to Equity Holders of the Parent	1,244,572,814	1,253,008,525	1,153,639,924
Non – controlling interests	27,719,159	28,774,657	27,589,547
Total equity	1,272,291,973	1,281,783,182	1,181,229,471
TOTAL LIABILITIES AND EQUITY	1,468,442,312	1,436,345,785	1,294,531,464

This condensed consolidated interim financial statements were approved by the Board of Directors and signed on its behalf by the following on 24 July 2012:

.....
Sheikh Abdulrahman Bin Moh'd Bin Jabor Al-Thani
Chairman

.....
Abdulrahman Al Ansari
Chief Executive Officer

The attached notes 1 to 13 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the six month period ended 30 June 2012

	Note	Six month period ended 30 June	
		2012 (Reviewed)	2011 (Reviewed)
Sales		190,580,182	174,388,445
Costs of sales		(151,394,385)	(134,498,904)
Gross profit		39,185,797	39,889,541
Share of results of associates		96,487,600	75,412,188
Income from investments		8,112,077	8,266,565
Other income		3,484,860	3,623,215
Expenses:			
General and administrative expenses		(19,877,964)	(15,052,504)
Interest expense		(1,371,398)	(1,958,424)
Impairment of available-for-sale investments		(3,089,633)	(1,053,393)
Net Profit for the period from continuing operations		122,931,339	109,127,188
Discontinued operations :			
Loss from discontinued operations	10	-	(7,194,848)
NET PROFIT FOR THE PERIOD		122,931,339	101,932,340
Attributable to:			
Equity holders of the Parent		118,986,837	97,354,112
Non-controlling interests		3,944,502	4,578,228
		<u>122,931,339</u>	<u>101,932,340</u>
Other comprehensive income			
Net change in fair value of available-for-sale financial assets		(8,622,548)	1,449,531
Other comprehensive income for the period		(8,622,548)	1,449,531
Total comprehensive income for the period		114,308,791	103,381,871
Attributable to:			
Equity holders of the Parent		110,364,289	98,803,643
Non-controlling interests		3,944,502	4,578,228
		<u>114,308,791</u>	<u>103,381,871</u>
Basic and diluted earnings per share	11	3.00	2.46

The attached notes 1 to 13 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six month period ended 30 June 2012

	<i>Six month period ended 30 June</i>	
	2012	2011
<i>Note</i>	(Reviewed)	(Reviewed)
OPERATING ACTIVITIES		
Profit for the period	122,931,339	101,932,340
Adjustments for:		
Depreciation	12,077,095	11,199,389
Provision for doubtful debts	84,664	136,310
Share of results from associates	(96,487,600)	(75,412,188)
Impairment of available-for-sale investments	3,089,633	1,053,393
Loss from discontinued operation	-	7,194,848
Provision for end of service benefits	1,451,418	402,209
Gain on sale of property, plant and equipment	(388,300)	(35,500)
Operating profit before changes in operating assets and liabilities	42,758,249	46,470,801
Change in inventories	(1,992,111)	(8,344,945)
Change in related parties	10,001,252	(359,984)
Change in trade and other receivables	(12,191,081)	5,887,572
Change in trade and other payables	(4,534,247)	(11,611,004)
End of service benefit paid	(14,335)	
Net cash flows from operating activities	34,027,727	32,042,440
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(45,800,295)	(13,623,604)
Proceeds from sale of property, plant and equipment	388,300	35,500
Acquisition of available-for-sale investments	(653,440)	(17,010,400)
Proceeds from sale of available for sale investments	-	286,165
Investment in associate companies	(9,367,727)	(11,872,533)
Interest and dividends received from associate companies	137,526,650	81,000,059
Proceeds from disposal group classified as held for sale	-	5,552,868
Acquisition of held for trading investments	-	(14,712,026)
Net cash flows from investing activities	82,093,488	29,656,029
FINANCING ACTIVITIES		
Payment to of related parties – loan receivable	(3,303,416)	(7,693,750)
Settlement (payment) of term loans	16,103,925	(4,425,522)
Repayment of notes payables	(2,887,986)	(1,928,224)
Dividends paid	(115,805,855)	(90,000,000)
Net cash flows used in financing activities	(105,893,332)	(104,047,496)
Net change in cash and cash equivalents	10,227,883	(42,349,027)
Cash and cash equivalents at 1 January	152,086,490	133,591,667
Cash and cash equivalents at 30 June	162,314,373	91,242,640

The attached notes 1 to 13 form an integral part of these condensed consolidated interim financial statements.

QATAR INDUSTRIAL MANUFACTURING COMPANY Q.S.C.

In Qatari Riyals

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six month period ended 30 June 2012

	Share Capital	Legal reserve	General reserve	Revaluation reserve	Fair value reserve	Retained earnings	Equity attributable to equity holders of the Parent	Non-controlling interests	Total
Balance at 1 January 2012	٣٩٦,٠٠٠,٠٠٠	250,000,000	٤٣,٩٧٠,٠٨٦	١٨٢,٤٩٩,٤٨٠	97,829,648	282,708,537	1,253,008,525	28,774,657	1,281,783,182
<i>Total comprehensive income for the period:</i>									
Net profit for the period	-	-	-	-	-	118,986,837	118,986,837	3,944,502	122,931,339
Other comprehensive income for the period	-	-	-	-	(8,622,548)	-	(8,622,548)	-	(8,622,548)
Total comprehensive income for the year	-	-	-	-	(8,622,548)	118,986,837	110,364,289	3,944,502	114,308,791
Dividends paid	-	-	-	-	-	(118,800,000)	(118,800,000)	(5,000,000)	(123,800,000)
Balance at 30 June 2012 (Reviewed)	٣٩٦,٠٠٠,٠٠٠	250,000,000	٤٣,٩٧٠,٠٨٦	١٨٢,٤٩٩,٤٨٠	89,207,100	282,895,374	1,244,572,814	27,719,159	1,272,291,973
Balance at 1 January 2011	360,000,000	180,000,000	43,970,860	182,499,480	100,774,885	277,591,056	١,١٤٤,٨٣٦,٢٨١	69,380,581	1,214,216,862
<i>Total comprehensive income for the period:</i>									
Net profit for the period	-	-	-	-	-	97,354,112	97,354,112	4,578,228	101,932,340
Other comprehensive income for the period	-	-	-	-	1,449,531	-	1,449,531	-	1,449,531
Total comprehensive income for the year	-	-	-	-	1,449,531	97,354,112	98,803,643	4,578,228	103,381,871
Disposal of controlling interest in a subsidiary	-	-	-	-	-	-	-	(46,369,262)	(46,369,262)
Issue of bonus shares	36,000,000	-	-	-	-	(36,000,000)	-	-	-
Dividends paid	-	-	-	-	-	(90,000,000)	(90,000,000)	-	(90,000,000)
Balance at 30 June 2011 (Reviewed)	٣٩٦,٠٠٠,٠٠٠	١٨٠,٠٠٠,٠٠٠	٤٣,٩٧٠,٠٨٦	١٨٢,٤٩٩,٤٨٠	102,224,416	248,945,168	١,١٠٣,٦٣٩,٩٢٤	٢٧,٠٨٩,٠٤٧	١,١٨١,٢٢٩,٤٧١

The attached notes 1 to 13 form an integral part of these condensed consolidated interim financial statements.

QATAR INDUSTRIAL MANUFACTURING COMPANY Q.S.C

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six month period ended 30 June 2012

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 consolidated financial statements include the financial statements of the Company and those related to its subsidiaries (together referred to as the “Group”).

2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

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

These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements as at and for the year ended 31 December 2011. In addition, results for the six month period ended 30 June 2012 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2012.

b) Judgements and estimates

Preparing the interim financial report requires Management to 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 the these estimate.

In preparing this condensed consolidated interim financial report, significant judgements made by Management in applying the Group’s accounting policies and key sources of estimation uncertainty were the same as those applied to consolidate financial statements as at and for the year ended 31 December 2011.

3 SIGNIFICANT ACCOUNTING POLICIES

a) Basis of measurement

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

b) Significant accounting policies

The accounting policies adopted in the preparation of the condensed consolidated interim financial statements are the same as those followed in the preparation of the Company’s annual consolidated financial statements for the year ended 31 December 2011.

In addition, a number of new standards, amendment to standards and interpretations have been issued that are not yet effective for the period ended 30 June 2012 and have not been applied in preparing these condensed consolidated interim financial statements:

New standards, amendments and interpretations effective from 1 January 2011

- IAS 24 (Revised) ‘Related party disclosures’
- Improvements to IFRSs (2010)

New standards, amendments and interpretations issued but not yet effective

- IAS 1 Presentation of financial statement (amendment) - Presentation of items of other comprehensive income.
- IFRS 7 Financial instruments : Disclosures (amendment) –Transfer of financial assets.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six month period ended 30 June 2012

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**b) Significant accounting policies (continued)****New standards, amendments and interpretations issued but not yet effective (continued)**

- IFRS 9 - Financial Instruments.
- IFRS 10 - Consolidated financial statements and IAS 27 Separate Financial Statements (2011).
- IFRS 12 – Disclosure of interest in other entities
- IFRS 13 - Fair value measurement.

The Group has not early adopted any standard, interpretation or amendment that was issued but is not yet effective.

4 RELATED PARTY TRANSACTIONS

These represent transactions with related parties, i.e. shareholders, directors and senior management of the Group, companies of which they are principal owners and associated companies. Pricing policies and terms of these transactions are approved by the Group's management.

(a.1) Balances due from a related party – long term:

	30 June 2012 (Reviewed)	31 December 2011 (Audited)	30 June 2011 (Reviewed)
Gazal Q.S.C. – loan receivable	81,736,047	78,432,632	83,183,136

(a.2) Balances due from related parties – short term:

	30 June 2012 (Reviewed)	31 December 2011 (Audited)	30 June 2011 (Reviewed)
Qatar Plastic Products Company W.L.L. “Associate”	4,700,000	3,700,000	-
Qatar Clay Bricks Q.S.C. “Associate”	1,177,727	-	-
Gulf Formaldehyde Company	6,300,000	-	-
Others	142,621	31,000	416,243
Gazal Q.S.C. “Associate” – loan receivable	9,620,544	9,225,599	6,901,098
Qatar Steel Q.S.C	-	-	1,983,197
KLJ Organic – India	-	-	10,000
Qatar Aluminium Extrusion Company Q.S.C “Associate”	-	25,600	12,118
	21,940,892	12,982,199	9,322,656

(b) Balances due to related parties:

	30 June 2012 (Reviewed)	31 December 2011 (Audited)	30 June 2011 (Reviewed)
Qatar Steel Q.S.C.	46,852,721	27,894,616	-
National Food Company C.Q.S.C.	1,840	-	-
	46,854,561	27,894,616	-

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six month period ended 30 June 2012

4 RELATED PARTY TRANSACTIONS (CONTINUED)*(c) Transactions with related parties*

The Group in the normal course of business and in accordance with the Management Service Agreement and Marketing Agreement carries out transactions with Qatar Steel Company Q.S.C..The details of the transactions with this related party are as follows:

	30 June 2012 (Reviewed)	30 June 2011 (Reviewed)
Sale of finished goods	103,632,101	88,960,185
Less: Sales commission – charged to sales	(838,810)	(690,244)
	<u>102,793,291</u>	<u>88,269,941</u>
Sale of raw materials – credited to cost of sales	-	51,206
Purchase of raw materials	86,613,851	82,581,706
Management fees	215,792	191,019
Board of Directors fees	195,000	195,000

(d) Compensation to key management personnel:

	30 June 2012 (Reviewed)	30 June 2011 (Reviewed)
Salaries and short term benefits	1,784,240	1,322,000
Long term benefits	518,039	54,750
	<u>2,302,279</u>	<u>1,376,750</u>

5 INVESTMENT IN ASSOCIATES

	<i>Ownership</i>	30 June 2012 (Reviewed)	31 December 2011 (Audited)	30 June 2011 (Reviewed)
Aminatit Qatar Pipes Company W.L.L.	40%	20,289,032	20,213,989	14,856,539
Qatar Saudi Gypsum Industries Company W.L.L.	33%	24,354,270	24,741,226	23,702,022
Qatar Clay Bricks Company Q.S.C.	46.35%	26,687,705	28,246,095	26,997,357
Qatar Plastic Products Company W.L.L.	33%	18,190,206	19,138,601	21,362,948
Qatar Jet Fuel Company W.L.L.	40%	246,938,346	280,483,516	216,725,184
Qatar Aluminum Extrusion Company Q.S.C.	40%	17,519,050	18,455,432	19,566,638
Gasal Company Q.S.C.	29.5%	72,391,543	67,809,527	59,965,723
National Food Company C.Q.S.C.	20%	11,573,728	11,544,396	10,960,034
		<u>437,943,880</u>	<u>470,632,782</u>	<u>394,136,445</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six month period ended 30 June 2012

6 TRADE AND OTHER RECEIVABLES

	30 June 2012 (Reviewed)	31 December 2011 (Audited)	30 June 2011 (Reviewed)
Trade receivables	76,078,571	63,191,502	24,146,119
Advances and Prepayments	3,568,657	7,598,683	875,714
Pre-paid Expenses	2,797,562	4,035,043	4,855,409
Staff receivables	2,672,918	1,132,307	1,083,956
Deposits held with others	1,172,037	731,329	754,984
Other receivables	4,483,671	1,893,471	6,220,976
	<u>90,773,416</u>	<u>78,582,335</u>	<u>37,937,158</u>
Less: Provision for doubtful debts	(126,003)	(41,339)	-
	<u>90,647,413</u>	<u>78,540,996</u>	<u>37,937,158</u>

7 CASH AND CASH EQUIVALENTS

	30 June 2012 (Reviewed)	31 December 2011 (Audited)	30 June 2011 (Reviewed)
Cash	55,326	32,305	27,257
Current accounts	11,662,911	20,187,337	15,046,454
Call accounts	124,252,519	85,413,587	31,985,955
Term deposits maturing within 90 days	31,967,803	47,562,576	45,101,047
	<u>167,938,559</u>	<u>153,195,805</u>	<u>92,160,713</u>
Less: Bank overdraft	(5,624,186)	(1,109,315)	(918,073)
	<u>162,314,373</u>	<u>152,086,490</u>	<u>91,242,640</u>

8 NOTES PAYABLE

This is the discounted amount 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% and the notes payable due within one year have been reflected in trade and other payables amounting to QR 5,733,509.

9 SHARE CAPITAL

At the extraordinary general assembly meeting held on 4 March 2012, the shareholders approved the Board of Directors proposal for cash dividends of 30%.

10 DISCONTINUED OPERATIONS

On 15 February 2009 the Board of Directors of Qatar Nitrogen Company, a former subsidiary, approved the liquidation of the subsidiary. On 14 March 2011 the Company received the final liquidation report from the liquidator and on 18 April 2011 the Company received an amount of QR 5,550,872 as a final settlement from the liquidation. The Group has recognized a loss from the liquidation amounting to QR 7,194,848.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six month period ended 30 June 2012

11 BASIC AND DILUTED 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 shares in issue during the period as follows:

	Six month period ended 30 June	
	2012 <i>(Reviewed)</i>	2011 <i>(Reviewed)</i>
Profit for the period attributable to equity holders of the Parent Company	118,986,837	97,354,112
Weighted average number of shares outstanding during the period	39,600,000	39,600,000
Basic and diluted earnings per share	3.00	2.46

Basic and diluted earnings per share from continuing operations:

	Six month period ended 30 June	
	2012 <i>(Reviewed)</i>	2011 <i>(Reviewed)</i>
Net profit for the period from continuing operations	122,931,339	109,127,188
Non-controlling interests	(3,944,502)	(4,578,228)
Profit from continuing operations for the period attributable to equity holders of the Parent Company	118,986,837	104,548,960
Weighted average number of shares outstanding during the period	39,600,000	39,600,000
Basic and diluted earnings per share from continuing operation	3.00	2.64

12 CONTINGENT LIABILITIES

	30 June 2012 <i>(Reviewed)</i>	31 December 2011 <i>(Audited)</i>	30 June 2011 <i>(Reviewed)</i>
Letters of credit	8,011,559	14,539,398	249,365
Letters of guarantee	3,861,750	4,168,077	3,362,610
Capital Commitments	15,772,266	27,709,500	-
	<u>27,645,575</u>	<u>46,416,975</u>	<u>3,611,975</u>

13 SEGMENTAL REPORTING

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