

**INDUSTRIES QATAR Q.P.S.C.
DOHA – QATAR**

**INTERIM CONDENSED
UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED
SEPTEMBER 30, 2021**

INDUSTRIES QATAR Q.P.S.C.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine-month period ended September 30, 2021

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INDUSTRIES QATAR Q.P.S.C.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at September 30, 2021

	Note	September 30, 2021 (Unaudited) QR' 000	December 31, 2020 (Audited) QR' 000
ASSETS			
Non-current assets			
Property, plant and equipment	3	13,214,780	13,881,968
Investments in associates	4	1,557,615	1,475,079
Investments in joint ventures	5	8,951,427	6,915,500
Right-of-use assets		194,419	224,847
Intangible asset		1,755	1,845
Total non-current assets		23,919,996	22,499,239
Current assets			
Inventories		2,023,972	1,944,820
Trade and other receivables		2,388,454	2,455,695
Financial assets at fair value through profit or loss		348,346	348,367
Cash and bank balances		2,555,940	1,855,294
Fixed deposits		8,459,231	6,945,965
Total current assets		15,775,943	13,550,141
Total assets		39,695,939	36,049,380

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

INDUSTRIES QATAR Q.P.S.C.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at September 30, 2021

	September 30, 2021 (Unaudited) QR' 000	December 31, 2020 (Audited) QR' 000
EQUITY AND LIABILITIES		
EQUITY		
Share capital	6,050,000	6,050,000
Legal reserve	176,913	176,913
Hedging reserve	--	(6,713)
Other reserve	(10,773)	(10,773)
Retained earnings	31,192,748	27,550,929
Equity attributable to equity holders of the parent	37,408,888	33,760,356
Non-controlling interest	17,307	17,072
Total equity	37,426,195	33,777,428
LIABILITIES		
Non-current liabilities		
Lease liabilities	297,947	324,908
Employees' end of service benefits	421,848	419,852
Total non-current liabilities	719,795	744,760
Current liabilities		
Lease liabilities	80,264	75,178
Trade and other payables	1,458,640	1,403,029
Employees' end of service benefits	10,232	10,641
Income tax payable	813	1,747
Bank borrowings	--	36,597
Total current liabilities	1,549,949	1,527,192
Total liabilities	2,269,744	2,271,952
Total equity and liabilities	39,695,939	36,049,380

These consolidated financial statements were approved and authorized for issue by the Board of Directors on October 25, 2021 and signed on their behalf by:



Saad Sherida Al-Kaabi
Chairman and Managing Director



Abdulaziz Mohammed Al-Mannai
Vice Chairman

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

INDUSTRIES QATAR Q.P.S.C.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

For the nine-month period ended September 30, 2021

	For the nine-month period ended September 30,	
	2021	2020
	(Unaudited)	(Unaudited)
Note	QR' 000	(Restated) QR' 000
Revenues	9,446,293	5,312,732
Cost of sales	(5,850,454)	(4,659,428)
Gross profit	3,595,839	653,304
General and administrative expenses	(396,355)	(344,387)
Selling and distribution expenses	(34,477)	(32,264)
Share of results of investments in associates	80,823	4,231
Share of results of investments in joint ventures	2,173,082	624,254
Finance costs	(19,653)	(20,252)
Fair value gain and bargain purchase gain on business combination	--	1,408,934
Impairment loss on property, plant and equipment and intangibles	--	(1,377,894)
Other income – net	241,278	231,250
Profit before tax	5,640,537	1,147,176
Income tax	(813)	(58,253)
Deferred tax	--	(19,077)
Profit for the period	5,639,724	1,069,846
Attributable to:		
Equity holders of the parent	5,638,319	1,130,684
Non-controlling interest	1,405	(60,838)
	5,639,724	1,069,846
Earnings per share		
Basic and diluted earnings (QR per share)	6 0.93	0.19

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FINANCIAL STATEMENTS

INDUSTRIES QATAR Q.P.S.C.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the nine-month period ended September 30, 2021

	For the nine-month period ended September 30,	
	2021 (Unaudited) QR' 000	2020 (Unaudited) (Restated) QR' 000
Profit for the period	5,639,724	1,069,846
Other comprehensive income		
<i>Items that may be reclassified subsequently to statement of profit or loss</i>		
Share of other comprehensive income of associates	6,713	1,418
Total comprehensive income for the period	5,646,437	1,071,264
Attributable to:		
Equity holders of the parent	5,645,032	1,132,102
Non-controlling interest	1,405	(60,838)
	5,646,437	1,071,264

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

INDUSTRIES QATAR Q.P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine-month period ended September 30, 2021

	Share Capital	Legal reserve	Hedging reserve	Other reserves	Retained earnings	Attributable to owners of the parent	Non- controlling interest	Total equity
	QR' 000	QR' 000	QR' 000	QR' 000	QR' 000	QR' 000	QR' 000	QR' 000
Balance as at December 31, 2020 (Audited)	6,050,000	176,913	(6,713)	(10,773)	27,550,929	33,760,356	17,072	33,777,428
Profit for the period	--	--	--	--	5,638,319	5,638,319	1,405	5,639,724
Other comprehensive income	--	--	6,713	--	--	6,713	--	6,713
Total comprehensive income for the period	--	--	6,713	--	5,638,319	5,645,032	1,405	5,646,437
<i>Transaction with owners</i>								
Dividends declared	--	--	--	--	(1,996,500)	(1,996,500)	(1,170)	(1,997,670)
Balance as at September 30, 2021 (Unaudited)	6,050,000	176,913	--	(10,773)	31,192,748	37,408,888	17,307	37,426,195

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

INDUSTRIES QATAR Q.P.S.C.
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine-month period ended September 30, 2021

	Share Capital	Legal Reserve	Hedging reserve	Other reserves	Retained earnings	Attributable to owners of the parent	Non- controlling interest	Total Equity
	QR' 000	QR' 000	QR' 000	QR' 000	QR' 000	QR' 000	QR' 000	QR' 000
Balance as at December 31, 2019 (Audited)	6,050,000	158,148	(4,080)	6,057	28,019,701	34,229,826	--	34,229,826
Non-controlling interest arising from business combination	--	--	--	--	--	--	3,780,508	3,780,508
Acquisition of non-controlling interest	--	--	--	--	110,907	110,907	(3,699,448)	(3,588,541)
Profit/(loss) for the period – restated	--	--	--	--	1,130,684	1,130,684	(60,838)	1,069,846
Other comprehensive income	--	--	1,418	--	--	1,418	--	1,418
Total comprehensive income/ (loss) for the period – restated	--	--	1,418	--	1,130,684	1,132,102	(60,838)	1,071,264
<i>Transaction with owners</i>								
Dividends declared	--	--	--	--	(2,420,000)	(2,420,000)	(1,260)	(2,421,260)
Balance as at September 30, 2020– restated (Unaudited)	<u>6,050,000</u>	<u>158,148</u>	<u>(2,662)</u>	<u>6,057</u>	<u>26,841,292</u>	<u>33,052,835</u>	<u>18,962</u>	<u>33,071,797</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

INDUSTRIES QATAR Q.P.S.C.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the nine-month period ended September 30, 2021

	For the nine-month period ended September 30,	
	2021 (Unaudited) QR' 000	2020 (Unaudited) (Restated) QR' 000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	5,640,537	1,147,176
<i>Adjustments for:</i>		
Depreciation and amortisation of intangibles	937,259	1,045,603
Amortisation of right-of-use assets	28,203	42,159
Provision for employees' end of service benefits	34,688	53,454
Fair value gain on business combination	--	(1,408,934)
Impairment loss on property, plant and equipment	--	1,369,811
Impairment loss on intangible asset	--	8,083
Share of results of investments in associates	(80,823)	(4,231)
Share of results of investments in joint ventures	(2,173,082)	(624,254)
(Profit) / Loss on disposal of property, plant and equipment and other assets	(328)	152
Finance costs	19,653	20,252
Interest income	(145,488)	(208,990)
Provision for obsolete and slow-moving inventories	29,144	22,604
Net remeasurement of loss allowance	4,020	--
Fair value loss /(gain) on financial assets at fair value through profit or loss	21	(9,402)
Gain on disposal of financial assets at fair value through profit or loss	--	(3,501)
Reversal of impairment loss adjustment	--	10,000
Dividends received from financial assets at fair value through profit or loss	(13,196)	(16,096)
Cash flow from operating activities before changes in working capital	4,280,608	1,443,886
Movements in working capital		
Inventories	(108,297)	496,362
Trade and other receivables	164,272	520,341
Trade and other payables	117,494	(328,115)
Cash generated from operating activities	4,454,077	2,132,474
Payments of employees' end of service benefits	(35,323)	(120,495)
Payments of income tax	(1,747)	(111,696)
Payment of contribution to social and sports fund	(48,855)	(59,572)
Net cash generated from operating activities	4,368,152	1,840,711

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

INDUSTRIES QATAR Q.P.S.C.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the nine-month period ended September 30, 2021

	For the nine-month period ended September 30,	
	2021	2020
	(Unaudited)	(Unaudited)
	QR' 000	(Restated) QR' 000
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment and catalysts	(270,097)	(166,491)
Movement in fixed deposits	(1,503,383)	3,297,309
Acquisition of additional shares of a subsidiary	--	(3,640,000)
Proceeds from disposal of property, plant and equipment	--	17
Proceeds from disposal of financial assets at fair value through profit or loss	--	18,711
Dividends received from financial assets at fair value through profit or loss	13,196	16,096
Dividends and tax share received from joint ventures	137,155	156,827
Dividends received from an associate	5,000	2,100
Interest income received	48,268	170,741
Net cash addition from business combination	--	1,223,752
Net cash (used)/ generated by investing activities	(1,569,861)	1,079,062
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance charges paid	(2,363)	(145)
Net movement in bank borrowings	(36,597)	--
Interest paid related to lease liability	(11,364)	(14,556)
Repayment of principal related to lease liability	(22,906)	(31,398)
Movement in unclaimed dividend bank accounts	16,864	(10,333)
Dividends paid	(2,014,534)	(2,409,667)
Net cash used in financing activities	(2,070,900)	(2,466,099)
Net increase in cash and cash equivalents	727,391	453,674
Cash and cash equivalents at January 1	1,717,223	1,838,317
Cash and cash equivalents at September 30	2,444,614	2,291,991

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

INDUSTRIES QATAR Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the nine-month period ended September 30, 2021

1. CORPORATE INFORMATION

Industries Qatar Q.P.S.C (the “Company” or “IQ”) is a Qatari Public Shareholding Company, incorporated in the State of Qatar on April 19, 2003, in accordance with Qatar Commercial Companies Law No. 5 of year 2002, as replaced by Qatar Commercial Companies Law No. 11 of 2015, for a 50 year term by resolution No. 33 of 2003 from the Ministry of Commerce and Industry of the State of Qatar. The Company’s shares are listed on the Qatar Stock Exchange. The Group’s registered office is situated in Doha, State of Qatar.

IQ and its subsidiaries and joint ventures (together “the Group”) operate mainly in the State of Qatar.

Through the Group companies, IQ operates in three main distinct segments: petrochemicals, fertilisers and steel. More information about the Group activities is given in Note 8. The structure of the Group, included in these interim condensed consolidated financial statement is as follows:

	<u>Type of interest</u>	<u>Country of incorporation</u>	<u>Percentage of holding</u>
Qatar Steel Company Q.P.S.C.	Subsidiary	Qatar	100%
Qatar Steel Industrial Investment Company S.P.C.	Subsidiary	Qatar	100%
Qatar Steel Company FZE (Dubai)	Subsidiary	United Arab Emirates	100%
Qatar Fertiliser Company P.S.C. (“QAFCO”)	Subsidiary	State of Qatar	100%
Gulf Formaldehyde Company (Q.S.C.C.) (GFC)	Subsidiary	State of Qatar	70%
Qatar Melamine Company (Q.S.C.C.) (QMC)	Subsidiary	State of Qatar	100%

Also included in the interim condensed consolidated financial statements are the share of profit or loss and other comprehensive income of the following joint ventures and associate companies using the equity method of accounting.

	<u>Type of interest</u>	<u>Country of incorporation</u>	<u>Percentage of holding</u>
Qatar Petrochemical Company (QAPCO) Q.P.J.S.C. (“QAPCO”)	Joint venture	State of Qatar	80%
Qatar Fuel Additives Company Limited Q.P.S.C. (“QAFAC”)	Joint venture	State of Qatar	50%
Qatar Metals Coating Company W.L.L.	Associate	State of Qatar	50%
SOLB Steel Company (SSC)	Associate	Kingdom of Saudi Arabia	31.03%
Foulath Holding B.S.C.	Associate	Kingdom of Bahrain	25%

The interim condensed consolidated financial statements of the Group for the period ended September 30, 2021 were approved and authorised for issue by the Board of Directors on October 25, 2021.

INDUSTRIES QATAR Q.P.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT**For the nine-month period ended September 30, 2021

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2020

3. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2021 (Unaudited) QR' 000	December 31, 2020 (Audited) QR' 000
Opening net book value	13,881,968	3,336,020
Additions from business combination	--	13,080,424
Other additions	270,097	231,860
Impairment	--	(1,369,811)
Depreciation	(937,167)	(1,392,432)
Disposals	(118)	(4,093)
Closing net book value	13,214,780	13,881,968

4. INVESTMENTS IN ASSOCIATES

	September 30, 2021 (Unaudited) QR' 000	December 31, 2020 (Audited) QR' 000
Balance at the beginning of the year	1,475,079	1,475,914
Dividend and tax benefit payments received from an associate	(5,000)	(2,549)
Net share of other comprehensive income/ (loss)	6,713	(2,633)
Share of results from associates	80,823	14,347
Adjustment to reversal of impairment loss	--	(10,000)
Balance at the end of the period/year	1,557,615	1,475,079

INDUSTRIES QATAR Q.P.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT**

For the nine-month period ended September 30, 2021

5. INVESTMENT IN JOINT VENTURES

	September 30, 2021 (Unaudited) QR' 000	December 31, 2020 (Audited) QR' 000
Balance at January 1,	6,915,500	16,732,460
Reclassification to subsidiary as a result of business combination	--	(9,847,874)
Share of net results of joint ventures	1,417,021	308,512
Adjustment related to tax benefit	756,061	756,793
Share of other comprehensive loss	--	(18,864)
Dividend and tax share income received	(137,155)	(1,015,527)
Balance at the end of the period/year	<u>8,951,427</u>	<u>6,915,500</u>

6. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share (EPS) are calculated by dividing the profit for the period attributable to equity holders of the parent by the weighted average number of shares outstanding during the period.

	September 30, 2021 (Unaudited) QR' 000	September 30, 2020 (Unaudited) (Restated) QR' 000
Profit for the period	5,638,319	1,130,684
Weighted average number of shares outstanding during the period (in thousands)	<u>6,050,000</u>	<u>6,050,000</u>
Basic and diluted earnings per share (expressed in QR per share)	<u>0.93</u>	<u>0.19</u>

7. RESTATEMENT OF PRIOR PERIOD BALANCES

In the interim condensed consolidated financial statements of the Group for the period ended September 30, 2020, the fair value of the existing shareholding and of the assets and liabilities recognised on the acquisition of QAFCO had been provisionally determined.

As at December 31, 2020, the Group had finalized the fair value of the existing shareholding and the net identifiable assets acquired and liabilities assumed of QAFCO. Based on the final fair valuation and purchase price allocation, the previously recorded fair value gain and the related depreciation have been restated for the period ended September 30, 2020.

During the nine months period ended September 30, 2020, the Group had recorded infrastructure charges as part of the capitalized lease contract. Management reassessed these infrastructure charges based on the requirements of IFRS 16 and concluded that these should be treated as a separate non-lease component.

INDUSTRIES QATAR Q.P.S.C.**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT**

For the nine-month period ended September 30, 2021

8. SEGMENT REPORTING

The Group is organised into business units based on their products and services, and has three reportable operating segments and others as follows:

- The petrochemical segments, which produces and sells ethylene, polyethylene, MTBE, methanol and other petrochemical products.
- The fertiliser segment, which produces and sells urea, ammonia and other by-products.
- The steel segment, which produces and sells steel pellets, bars, billets and others.
- Others include the operations of the parent entity.

For the nine-month period ended September 30, 2021

	<u>Petrochemicals</u>	<u>Fertilisers</u>	<u>Steel</u>	<u>Others</u>	<u>Combined</u>	<u>Adjustments and Eliminations</u>	<u>Consolidated</u>
	QR' 000	QR' 000	QR' 000	QR' 000	QR' 000	QR' 000	QR' 000
Revenue	3,513,625	6,533,592	2,912,701	--	12,959,918	(3,513,625)	9,446,293
Segment profit before tax	2,173,082	2,818,264	628,609	1,734,270	7,354,225	(1,713,688)	5,640,537
Depreciation and amortisation	298,380	747,436	116,028	101,998	1,263,842	(298,380)	965,462
Finance costs	3,645	10,545	9,108	--	23,298	(3,645)	19,653

For the nine-month period ended September 30, 2020 (Restated)

	<u>Petrochemicals</u>	<u>Fertilisers</u>	<u>Steel</u>	<u>Others</u>	<u>Combined</u>	<u>Adjustments and Eliminations</u>	<u>Consolidated</u>
	QR' 000	QR' 000	QR' 000	QR' 000	QR' 000	QR' 000	QR' 000
Revenue	2,232,707	2,980,560	2,332,172	--	7,545,439	(2,232,707)	5,312,732
Segment profit/(loss) before tax	624,254	527,653	(1,363,185)	670,005	458,727	688,449	1,147,176
Depreciation and amortisation	312,261	770,707	172,376	144,679	1,400,023	(312,261)	1,087,762
Finance costs	4,700	12,068	8,184	--	24,952	(4,700)	20,252