

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

**INTERIM CONDENSED
CONSOLIDATED FINANCIAL INFORMATION AND
INDEPENDENT AUDITOR'S REVIEW REPORT
FOR THE SIX-MONTH
PERIOD ENDED JUNE 30, 2022**

INDUSTRIES QATAR Q.P.S.C.

**INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION AND INDEPENDENT
AUDITOR'S REVIEW REPORT**

For the six-month period ended June 30, 2022

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QR: 99-8

RN: 182/BH/FY2023

INDEPENDENT AUDITOR’S REVIEW REPORT

**To the Shareholders of
Industries Qatar Q.P.S.C.
Doha, State of Qatar**

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Industries Qatar Q.P.S.C. (the “Parent”) and its subsidiaries (together the “Group”) as at June 30, 2022 and the related interim condensed consolidated statements of profit or loss, interim condensed consolidated statements of profit or loss and other comprehensive income, interim condensed consolidated statements of changes in equity and interim condensed consolidated cash flow for the six-months period then ended, and notes to the financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial information in accordance with International Accounting Standard 34, ‘Interim financial reporting’ as issued by International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with 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.

INDEPENDENT AUDITOR'S REVIEW REPORT (CONTINUED)

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 as issued by the IASB.

Doha, State of Qatar
August 7, 2022

For Deloitte & Touche
Qatar Branch



Midhat Salha
Partner

License No. 257

QFMA Auditor License No. 120156

INDUSTRIES QATAR Q.P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2022

	Notes	June 30, 2022 (Reviewed) QR' 000	December 31, 2021 (Audited) QR' 000
ASSETS			
Non-current assets			
Property, plant and equipment	4	12,269,451	12,695,877
Investments in associates	5	1,628,653	1,577,311
Investments in joint ventures	6	8,147,887	6,822,599
Right-of-use assets	7	171,719	186,902
Intangible asset - license fee		1,662	1,723
Other non-current assets		32,614	--
Total non-current assets		22,251,986	21,284,412
Current assets			
Inventories	8	2,430,127	2,004,231
Trade and other receivables	9	3,012,941	4,584,170
Financial assets at fair value through profit or loss	10	369,163	348,510
Cash and bank balances	12	6,547,505	4,606,901
Fixed deposits	12(ii)	7,020,108	9,479,477
Total current assets		19,379,844	21,023,289
Total assets		41,631,830	42,307,701



This statement has been prepared by the Group and stamped by the Auditors for identification purposes only.

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

INDUSTRIES QATAR Q.P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2022

	Notes	June 30, 2022 (Reviewed) QR' 000	December 31, 2021 (Audited) QR' 000
EQUITY AND LIABILITIES			
EQUITY			
Share capital		6,050,000	6,050,000
Legal reserve		195,856	195,856
Hedging reserve		2,470	(4,810)
Other reserve		(8,814)	(8,814)
Retained earnings		32,647,397	33,261,035
Equity attributable to equity holders of the parent		38,886,909	39,493,267
Non-controlling interest		16,783	17,021
Total equity		38,903,692	39,510,288
LIABILITIES			
Non-current liabilities			
Lease liabilities	7	275,027	291,827
Employees' end of service benefits	13	436,443	432,102
Total non-current liabilities		711,470	723,929
Current liabilities			
Trade and other payables		1,926,679	1,990,966
Lease liabilities	7	89,841	81,849
Income tax payable		148	669
Total current liabilities		2,016,668	2,073,484
Total liabilities		2,728,138	2,797,413
Total equity and liabilities		41,631,830	42,307,701

This interim condensed consolidated financial information was approved by the Board of Directors and authorised for issue on August 7, 2022 by:



Ahmed Abdulqader Al-Ahmed
Board Member



Abdulrahman Ali Al-Abdulla
Board Member

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INDUSTRIES QATAR Q.P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six-month period ended June 30, 2022

	Notes	For the six-month period ended June 30,	
		2022	2021
		(Reviewed) QR' 000	(Reviewed) (Restated) QR' 000
Revenues	14	10,411,740	6,054,067
Cost of sales	15	(6,468,371)	(3,997,150)
Gross profit		3,943,369	2,056,917
General and administrative expenses		(328,578)	(274,596)
Selling and distribution expenses		(35,029)	(33,033)
Share of results of investments in associates	5	155,807	53,221
Share of results of investments in joint ventures	6	1,503,648	1,494,639
Finance costs		(11,316)	(13,956)
Other income – net		204,710	173,539
Profit before tax		5,432,611	3,456,731
Income tax	18	(148)	(691)
Profit for the period		5,432,463	3,456,040
Attributable to:			
Equity holders of the parent		5,432,251	3,454,827
Non-controlling interest		212	1,213
		5,432,463	3,456,040
Earnings per share			
Basic and diluted earnings (QR per share)	16	0.90	0.57



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

For the six-month period ended June 30, 2022

	For the six-month period ended June 30,	
	2022 (Reviewed) QR' 000	2021 (Reviewed) (Restated) QR' 000
Profit for the period	<u>5,432,463</u>	<u>3,456,040</u>
Other comprehensive income		
<i>Items that may be reclassified subsequently to statement of profit or loss</i>		
Share of other comprehensive income of associates	<u>7,280</u>	<u>5,501</u>
Total comprehensive income for the period	<u>5,439,743</u>	<u>3,461,541</u>
Attributable to:		
Equity holders of the parent	<u>5,439,531</u>	<u>3,460,328</u>
Non-controlling interest	<u>212</u>	<u>1,213</u>
	<u>5,439,743</u>	<u>3,461,541</u>



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INDUSTRIES QATAR Q.P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended June 30, 2022

	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, 2021 (Audited)	6,050,000	195,856	(4,810)	(8,814)	33,261,035	39,493,267	17,021	39,510,288
Profit for the period	--	--	--	--	5,432,251	5,432,251	212	5,432,463
Other comprehensive income	--	--	7,280	--	--	7,280	--	7,280
Total comprehensive income for the period	--	--	7,280	--	5,432,251	5,439,531	212	5,439,743
<i>Transaction with owners</i>								
Dividends declared (Note 17)	--	--	--	--	(6,050,000)	(6,050,000)	(450)	(6,050,450)
Reversal of excess social fund contribution	--	--	--	--	4,111	4,111	--	4,111
Balance as at June 30, 2022 (Reviewed)	6,050,000	195,856	2,470	(8,814)	32,647,397	38,886,909	16,783	38,903,692



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INDUSTRIES QATAR Q.P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six-month period ended June 30, 2022

	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 – restated	--	--	--	--	3,454,827	3,454,827	1,213	3,456,040
Other comprehensive income	--	--	5,501	--	--	5,501	--	5,501
Total comprehensive income for the period – restated	--	--	5,501	--	3,454,827	3,460,328	1,213	3,461,541
Transaction with owners								
Dividends declared (Note 17)	--	--	--	--	(1,996,500)	(1,996,500)	(600)	(1,997,100)
Balance as at June 30, 2021 (Reviewed) – restated	<u>6,050,000</u>	<u>176,913</u>	<u>(1,212)</u>	<u>(10,773)</u>	<u>29,009,256</u>	<u>35,224,184</u>	<u>17,685</u>	<u>35,241,869</u>



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INDUSTRIES QATAR Q.P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended June 30, 2022

	Notes	For the six-month period ended June 30,	
		2022 (Reviewed) QR' 000	2021 (Reviewed) (Restated) QR' 000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		5,432,611	3,456,731
<i>Adjustments for:</i>			
Depreciation and amortisation		729,345	707,547
Amortisation of right-of-use assets	7	15,183	19,232
Provision for employees' end of service benefits		32,812	25,706
Share of results of investments in associates	5	(155,807)	(53,221)
Share of results of investments in joint ventures	6	(1,503,648)	(1,494,639)
Loss on disposal of property, plant and equipment		4,908	110
Finance costs		11,316	13,956
Interest income		(152,632)	(89,592)
Net provision for obsolete and slow moving inventories		18,162	22,682
Net remeasurement of loss allowance		(229)	4,062
Fair value loss on financial assets at fair value through profit or loss		(20,653)	3,668
Dividends received from financial assets at fair value through profit or loss		(15,588)	(13,196)
Cash flow generated from operating activities before changes in working capital		4,395,780	2,603,046
Movements in working capital			
Inventories		(444,059)	384,281
Trade and other receivables		1,597,297	95,022
Trade and other payables		110,504	32,951
Cash generated from operating activities		5,659,522	3,115,300
Payments of employees' end of service benefits		(30,034)	(23,495)
Payment of contribution to social and sports fund		(194,893)	(48,855)
Net cash generated from operating activities		5,434,595	3,042,950



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INDUSTRIES QATAR Q.P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six-month period ended June 30, 2022

	Notes	For the six-month period ended June 30,	
		2022	2021
		(Reviewed) QR' 000	(Reviewed) QR' 000
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	4	(307,766)	(218,676)
Movement in fixed deposits		2,459,369	199,100
Dividends received from financial assets at fair value through profit or loss		15,588	13,196
Dividends received from investments in joint ventures		178,360	40,084
Dividends received from investment in associate		111,745	5,000
Interest income received		126,792	38,328
Movement in other non-current assets		(32,614)	--
Net cash generated from investing activities		2,551,474	77,032
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movement in trust receipt borrowings		--	(36,597)
Other finance charges paid		(2,229)	(2,302)
Interest paid related to lease liability		(9,087)	(7,661)
Payment of lease liability		(8,808)	(15,993)
Movement in unclaimed dividend bank accounts		(25,109)	(19,234)
Dividends paid to non-controlling interest		(450)	(600)
Dividends paid		(6,024,891)	(1,977,266)
Net cash used in financing activities		(6,070,574)	(2,059,653)
Net increase in cash and cash equivalents		1,915,495	1,060,329
Cash and cash equivalents at January 1		4,515,143	1,717,223
Cash and cash equivalents at June 30	12(i)	6,430,638	2,777,552



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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 INFORMATION

For the six-month period ended June 30, 2022

1. INCORPORATION AND ACTIVITIES

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. The Company’s shares are listed on 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 20. The structure of the Group, included in these interim condensed consolidated financial information is as follows:

	Type of interest	Country of incorporation	Percentage of holding	
			June 30,2022	December 31,2021
Qatar Steel Company Q.P.S.C.	Subsidiary	Qatar	100%	100%
Qatar Steel Company FZE (Dubai)	Subsidiary	United Arab Emirates	100%	100%
*Qatar Steel Industrial and Investment Company S.P.C.	Subsidiary	Qatar	--	100%
Qatar Fertiliser Company P.S.C. (“QAFCO”)	Subsidiary	Qatar	100%	100%
Gulf Formaldehyde Company (P.Q S.C..) (“GFC”)	Subsidiary	Qatar	70%	70%
**Qatar Melamine Company (P.Q.S.C..) (“QMC”)	Subsidiary	Qatar	100%	100%

*During the current period, the Group decided to dissolve this dormant subsidiary.

**In June 2022 based on an internal review the Group approved to transfer QMC’s assets to QAFCO through a business transfer agreement (merger scheme). The process is planned to be completed before end of December 2022 and the related formalities are in progress.

Also, included in the interim condensed consolidated financial information are the share of profit or loss and other comprehensive income of the following joint venture and associate companies using equity accounting:

	Type of interest	Country of incorporation	Percentage of holding	
			June 30,2022	December 31,2021
Qatar Petrochemical Company (QAPCO) Q.P.J.S.C. (“QAPCO”)	Joint venture	Qatar	80%	80%
Qatar Fuel Additives Company Limited Q.P.S.C. (“QAFAC”)	Joint venture	Qatar	50%	50%
Qatar Metals Coating Company W.L.L.	Associate	Qatar	50%	50%
SOLB Steel Company (SSC)	Associate	Kingdom of Saudi Arabia	31.03%	31.03%
Foulath Holding B.S.C.	Associate	Bahrain	25%	25%

INDUSTRIES QATAR Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six-month period ended June 30, 2022

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six-month period ended June 30, 2022 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”).

The interim condensed consolidated financial information are prepared in Qatari Riyals, which is the Group’s functional and presentation currency and all values are rounded to the nearest thousands (QR’ 000) except when otherwise indicated.

The interim condensed consolidated financial information does not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group’s annual consolidated financial statements for the year ended December 31, 2021. In addition, results for the six-month period ended June 30, 2022 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2022.

Judgments, estimates and risk management

The preparation of the interim condensed consolidated financial information requires management to make judgments, estimates and assumptions that affects the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group’s annual consolidated financial statements for the year ended December 31, 2021.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2021 and the notes attached thereto, except for the adoption of certain new and revised standards as applicable, that became effective in the current period and new policies as set out below.

New and revised standards and interpretation issued and effective

New standards and interpretations effective annual period beginning on or after 1 January 2022 that have immaterial impact on the Group.

- Amendments to IFRS 3 – Reference to the Conceptual Framework
- Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use
- Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to IFRS Standards 2018-2020 Cycle – Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IFRS 16 Leases, and IAS 41 Agriculture

New and revised standards and interpretation issued but not yet effective

- IFRS 17 – Insurance Contracts
- Amendments to IAS 1 – Classification of Liabilities as Current or Non-current
- Amendments to IFRS 10 and IAS 28 – Sale or consideration of assets between an investor and its associate or Joint Venture
- Amendments to IAS 12 Income taxes – Deferred tax related to assets and liabilities arising from a single transaction
- Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of Accounting Policies
- Amendments to IAS 8 - Definition of Accounting Estimates

Management anticipates that these new standards, interpretations and amendments will be adopted in the Group interim condensed consolidated financial information as and when they are applicable and adoption of these new standards, interpretations and amendments may have no material impact on the interim condensed consolidated financial information of the Group in the period of initial application.

INDUSTRIES QATAR Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six-month period ended June 30, 2022

4. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant machinery and equipment	Furniture and other equipment	Capital work in progress	Total
	QR' 000	QR' 000	QR' 000	QR' 000	QR' 000
At December 31, 2021 (Audited):					
Cost	4,660,724	15,073,354	120,488	561,185	20,415,751
Accumulated depreciation and impairment losses	(1,228,760)	(6,390,581)	(100,533)	--	(7,719,874)
Net book value	3,431,964	8,682,773	19,955	561,185	12,695,877
Six-months period ended June 30, 2022 (Reviewed):					
Opening net book value	3,431,964	8,682,773	19,955	561,185	12,695,877
Additions	--	12,881	--	294,885	307,766
Transfers	1,800	290,277	10,709	(302,786)	--
Disposals	--	(4,908)	--	--	(4,908)
Depreciation charge	(130,097)	(592,623)	(6,564)	--	(729,284)
Closing net book value	3,303,667	8,388,400	24,100	553,284	12,269,451
At June 30, 2022 (Reviewed)					
Cost	4,662,353	15,368,010	130,643	553,284	20,714,290
Accumulated depreciation and impairment losses	(1,358,686)	(6,979,610)	(106,543)	--	(8,444,839)
Net book value	3,303,667	8,388,400	24,100	553,284	12,269,451

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

For the six-month period ended June 30, 2022

5. INVESTMENTS IN ASSOCIATES

Details of the Group's associates, are as follows:

Name of associate	Principal activity	Place of incorporation and operation	Effective ownership %	
			June 30, 2022 (Reviewed)	December 31, 2021 (Audited)
SOLB Steel Company (i)	Manufacturing of steel	Kingdom of Saudi Arabia	31.03%	31.03%
Foulath Holding B.S.C.	Manufacturing of steel	Kingdom of Bahrain	25%	25%
Qatar Metals Coating Company W.L.L.	Production of epoxy resin coated bars	State of Qatar	50%	50%

The carrying amount of each equity-accounted investment is as follows:

	June 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	QR' 000	QR' 000
Foulath holding B.S.C.	1,621,461	1,568,983
Qatar Metals Coating Company W.L.L.	7,192	8,328
SOLB Steel Company (i)	--	--
	<u>1,628,653</u>	<u>1,577,311</u>

The carrying amount of equity-accounted investments has changed as follows:

	June 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	QR' 000	QR' 000
Balance as at January 1,	1,577,311	1,475,079
Share of results from associates	155,807	105,329
Net share of other comprehensive income	7,280	1,903
Dividends received	(111,745)	(5,000)
Balance at the end of the period/year	<u>1,628,653</u>	<u>1,577,311</u>

- i. SOLB Steel Company is a company incorporated in the Kingdom of Saudi Arabia and is engaged in the manufacture and sale of steel products. The investment was fully impaired during December 2018 and accordingly held at a carrying amount of zero as at December 31, 2021 and June 30, 2022. The share of results of SOLB Steel Company during the period was QR nil (June 30, 2021: QR nil).

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

For the six-month period ended June 30, 2022

6. INVESTMENTS IN JOINT VENTURES

Details of the Group's joint ventures, are as follows:

Name of joint ventures	Principal activity	Place of incorporation and operation	Effective ownership %	
			June 30, 2022 (Reviewed)	December 31, 2021 (Audited)
QAPCO	Petrochemical	Qatar	80%	80%
QAFAC	Petrochemical	Qatar	50%	50%

The movement in investment in joint ventures during the period is as follows:

	June 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	QR.'000	QR.'000
Balance as at January 1,	6,822,599	6,915,500
Share of net results of joint ventures	975,013	1,615,707
Adjustment related to tax benefit	528,635	863,590
Share of other comprehensive loss	--	(894)
Dividends and tax benefits received	(178,360)	(2,571,304)
Balance at the end of the period/year	8,147,887	6,822,599

7. LEASES*Group as a Lessee*

The Group leases several assets including land and buildings, heavy duty equipment, motor vehicles and other assets. The average lease term is between 2 – 99 years.

	Right-of-use assets				Total	Lease liabilities
	Land and building	Heavy duty equipment	Motor vehicles	Other assets		
	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000
January 1, 2022	144,199	2,324	3,645	36,734	186,902	373,676
Amortization expense	(11,656)	(2,324)	(383)	(820)	(15,183)	--
Interest expense	--	--	--	--	--	9,087
Payments	--	--	--	--	--	(17,895)
June 30, 2022 (Reviewed)	132,543	--	3,262	35,914	171,719	364,868

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

For the six-month period ended June 30, 2022

7. LEASES (CONTINUED)

	Right-of-use assets					Lease liabilities
	Land and building	Heavy duty equipment	Motor vehicles	Other assets	Total	
	QR '000	QR '000	QR '000	QR '000	QR '000	
January 1, 2021	172,629	10,824	4,519	36,875	224,847	400,086
Additions	--	--	488	1,448	1,936	1,936
Adjustments due to lease modifications	(3,198)	--	--	--	(3,198)	(3,641)
Amortisation expense	(25,232)	(8,500)	(1,362)	(1,589)	(36,683)	--
Interest expense	--	--	--	--	--	19,812
Payments	--	--	--	--	--	(44,517)
December 31, 2021	<u>144,199</u>	<u>2,324</u>	<u>3,645</u>	<u>36,734</u>	<u>186,902</u>	<u>373,676</u>

The lease liabilities is presented in the financial statements as:

	June 30, 2022 (Reviewed) QR' 000	December 31, 2021 (Audited) QR' 000
Current	89,841	81,849
Non-current	275,027	291,827
	<u>364,868</u>	<u>373,676</u>

8. INVENTORIES

	June 30, 2022 (Reviewed) QR' 000	December 31, 2021 (Audited) QR' 000
Finished goods and goods for resale	851,054	704,964
Raw materials	343,041	164,342
Spares and consumables and supplies	904,774	899,524
Work in process	211,498	117,750
Additives	298,698	187,386
Goods in transit	30,184	121,225
	<u>2,639,249</u>	<u>2,195,191</u>
Less: Provision for slow-moving inventory and write downs	(209,122)	(190,960)
	<u>2,430,127</u>	<u>2,004,231</u>

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

For the six-month period ended June 30, 2022

8. INVENTORIES (CONTINUED)

Movements in the provision for obsolete and slow moving inventories are as follows:

	June 30, 2022	December 31, 2021
	(Reviewed)	(Audited)
	QR' 000	QR' 000
Balance as at January 1,	190,960	156,212
Provision during the period/year	18,162	35,744
Reversal of provision	--	(996)
Balance at the end of the period/year	209,122	190,960

9. TRADE AND OTHER RECEIVABLES

	June 30, 2022	December 31, 2021
	(Reviewed)	(Audited)
	QR' 000	QR' 000
Trade accounts receivable at amortized cost	620,977	570,665
Due from related parties (Note 11.2)	97,295	1,493,892
Advances to suppliers	72,644	168,226
Prepayments	74,190	41,402
Loans to employees	122,361	103,925
Accrued interest	109,640	83,800
Other receivables	12,496	14,252
	1,109,603	2,476,162
Less: Expected credit losses (i)	(58,492)	(58,721)
	1,051,111	2,417,441
Trade accounts receivable measured at fair value through profit or loss (Note 11.2)	1,961,830	2,166,729
	3,012,941	4,584,170

- i) The Group has recorded an expected credit losses on trade accounts receivable and due from related parties amounting to QR 0.454 million (2021: QR 0.683 million) and QR 58.038 million (2021: QR 58.038 million) (Note 11.2), respectively. No interest is charged on outstanding trade receivables.

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

For the six-month period ended June 30, 2022

9. TRADE AND OTHER RECEIVABLES (CONTINUED)*Movement in expected credit loss*

	<u>June 30, 2022 (Reviewed) QR' 000</u>	<u>December 31, 2021 (Audited) QR' 000</u>
Balance as at January 1,	58,721	56,999
Net remeasurement of expected credit loss	(229)	1,722
Balance as at the end of the period/year	<u>58,492</u>	<u>58,721</u>

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)

	<u>June 30, 2022 (Reviewed) QR' 000</u>	<u>December 31, 2021 (Audited) QR' 000</u>
Balance as at January 1,	348,510	348,367
Movement in fair value recognised directly in profit or loss	20,653	143
Balance at end of period/year, measured at fair value	<u>369,163</u>	<u>348,510</u>
Investments in equity instruments – quoted	<u>365,578</u>	<u>344,925</u>
Investments in equity instruments – unquoted	<u>3,585</u>	<u>3,585</u>

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

For the six-month period ended June 30, 2022

11. RELATED PARTIES**11.1 Related Parties Transactions**

Related parties, as defined in International Accounting Standard 24: *Related Party Disclosures*, include associate companies, major shareholders, directors and other key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties.

The following transactions were carried out with related parties:

	June 30, 2022 (Reviewed) QR' 000	June 30, 2021 (Reviewed) QR' 000
Sales of goods and services		
<i>Associates and their subsidiaries</i>		
Qatar Metals Coating Company W.L.L.	39,741	29,655
<i>Entities under common control</i>		
Gasal Company Q.S.C.	33	34
Qatar Vinyl Company Limited (QVC) Q.P.J.S.C.	--	342
Qatofin Company Limited Q.P.J.S.C.	--	31
SOLB Steel Company	66	--
Qatar Chemical and Petrochemical Marketing and Distribution Company (Muntajat) Q.J.S.C.	7,952,533	3,962,058
	7,992,373	3,992,120
	June 30, 2022 (Reviewed) QR' 000	June 30, 2021 (Reviewed) QR' 000
Purchases of goods and services		
<i>Ultimate Parent</i>		
QatarEnergy	3,760,871	1,454,117
<i>Associates and their subsidiaries</i>		
Qatar Metals Coating Company W.L.L.	157	110
<i>Joint ventures</i>		
QAFAC	23,295	21,701
<i>Entities under common control</i>		
Gasal Company Q.S.C.	26,050	27,599
Qatar Chemical and Petrochemical Marketing and Distribution Company (Muntajat) Q.J.S.C	15,607	129,730
Qatar Fuel Company (WOQOD) Q.P.S.C	3,408	2,690
	3,829,388	1,635,947

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

For the six-month period ended June 30, 2022

11. RELATED PARTIES (CONTINUED)**11.2 Related Parties Balances**

The following are the balances arising on transactions with related parties:

	June 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	QR' 000	QR' 000
Receivables from related parties		
Measured at amortised cost:		
<i>Ultimate parent</i>		
QatarEnergy	9,754	4,459
<i>Joint venture</i>		
QAPCO*	--	1,248,280
QAFAC*	--	166,469
<i>Associates and their subsidiaries</i>		
Qatar Metals Coating Company W.L.L.	16,043	16,934
SOLB Steel Company	53,680	53,614
Qatar Vinyl Company Limited (QVC) Q.P.J.S.C.	272	79
Qatofin Company Limited Q.P.J.S.C.	18	141
<i>Entity under common control:</i>		
Al Koot Insurance and Reinsurance Company P.J.S.C.	17,528	3,916
	97,295	1,493,892
Less: Loss allowance	(58,038)	(58,038)
	39,257	1,435,854
Measured at fair value through profit or loss:		
<i>Entities under common control</i>		
Qatar Chemical and Petrochemical Marketing and Distribution Company (Muntajat) Q.J.S.C.**	1,961,830	2,166,729
	2,001,087	3,602,583

* The balance represents dividend and tax benefit related receivables from QAPCO and QAFAC.

** The receivable from Qatar Chemical and Petrochemical Marketing and Distribution Company (Muntajat) Q.J.S.C. is measured at fair value through profit and loss as it is subject to provisional pricing arrangements.

*** The Group has made an advance to QVC amounting to QR 32.61 million as of reporting date presented as other non-current assets in the statement of financial position.

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

For the six-month period ended June 30, 2022

11. RELATED PARTIES (CONTINUED)**11.2 Related Parties Balances (continued)**

	June 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	QR' 000	QR' 000
Payables to related parties		
<i>Ultimate parent</i>		
QatarEnergy	632,432	378,239
<i>Joint venture</i>		
QAFAC	3,628	4,846
QAPCO	85	14
<i>Associates and their subsidiaries</i>		
Qatar Vinyl Company Limited (QVC) Q.P.J.S.C.	3,462	--
<i>Entities under common control</i>		
Gasal Company Q.S.C.	8,493	5,572
Qatar Chemical and Petrochemical Marketing and Distribution Company (Muntajat) Q.J.S.C.	--	144
Al Koot Insurance and Reinsurance Company P.J.S.C.	--	2,885
Qatar Fuel Company (WOQOD) Q.P.S.C	247	17
	648,347	391,717

11.3 Guarantees with Related Parties

The Group previously issued financial guarantees to some of the lenders of SOLB Steel Company, an associate company, in respect of certain of the associate's borrowings. SOLB Steel Company defaulted on the repayment and breached financial covenants on the loans on which the financial guarantee was issued since 2016. The issuance of the guarantee results in a present obligation. An assessment has been performed to determine whether it was probable that there would be an outflow of resources to settle the obligation. The default on loan repayment and breach of covenants by SOLB Steel Company since 2016 indicated that it was probable that the guarantee will be called upon to settle SOLB Steel Company's obligations. Therefore, a provision has been recorded in the Group's financial statements in respect of the guarantee issued. As per the terms of the financial guarantee agreement, the maximum exposure of the Group is QR 489 million upon which QR 400 million is recognized as a liability.

11.4 Compensation of Key Management Personnel

The remuneration of directors and other members of key management during the period were as follows:

	June 30, 2022 (Reviewed)	June 30, 2021 (Reviewed)
	QR' 000	QR' 000
Board of Directors remuneration	6,433	6,238
Short term benefits to key management personnel	22,795	18,607
	29,228	24,845

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

For the six-month period ended June 30, 2022

12. CASH AND BANK BALANCES

	June 30, 2022 (Reviewed) QR' 000	December 31, 2021 (Audited) QR' 000
Cash on hand	142	58
Cash in bank	872,921	1,060,863
Short term fixed deposits	5,674,442	3,545,980
	<u>6,547,505</u>	<u>4,606,901</u>

- i) For the purpose of the interim condensed consolidated statement of cash flows, bank balances consist of the following:

	June 30, 2022 (Reviewed) QR' 000	June 30, 2021 (Reviewed) QR' 000
Cash and bank balances	6,547,505	2,924,974
Less: Dividend accounts	(116,867)	(147,422)
Cash and cash equivalents	<u>6,430,638</u>	<u>2,777,552</u>

- ii) As at June 30, 2022, fixed deposits with maturities greater than 90 days amounted to QR 7,020 million (December 31, 2021: QR 9,479 million). Fixed deposits are held with banks and denominated mainly in Qatari Riyals and US Dollars with an average effective interest rate of 2.9% (December 31, 2021: 1.86%).

13. EMPLOYEES' END OF SERVICE BENEFITS

The Group provides for end of service benefits for its employees. Movements in the provision are as follows:

	June 30, 2022 (Reviewed) QR' 000	December 31, 2021 (Audited) QR' 000
Balance as at January 1,	432,102	430,493
Interest cost	1,563	2,962
Current service cost	8,183	15,808
Provision during the period/year	24,629	33,713
Actuarial gains and losses on re-measurement of present value of defined benefits obligation	--	(2,853)
Paid during the period/year	(30,034)	(48,021)
Balance at the end of the period/year	<u>436,443</u>	<u>432,102</u>

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

For the six-month period ended June 30, 2022

14. REVENUES

The Group derives its revenue from contracts with customers for the transfer of goods and services at a point in time and overtime as following:

	For the six-month ended June 30,	
	2022	2021
	(Reviewed)	(Reviewed)
	QR' 000	QR' 000
Disaggregation of revenue – at a point in time		
Bar sales	1,679,336	1,560,533
Billet sales	71,358	310,498
DRI/HBI	511,596	146,976
Coil sales	196,919	193,835
Urea sales	6,871,935	3,309,607
Ammonia sales	825,392	345,231
Melamine sales	255,204	187,387
	10,411,740	6,054,067

15. COST OF SALES

	For the six-month ended June 30,	
	2022	2021
	(Reviewed)	(Reviewed) (Restated)
	QR' 000	QR' 000
Raw materials consumed	5,115,023	2,720,442
Utilities	170,138	149,917
Salaries and wages	281,896	256,261
Depreciation and amortization	678,714	660,407
Repair and maintenance	99,246	92,047
Others	123,354	118,076
	6,468,371	3,997,150

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

For the six-month period ended June 30, 2022

16. 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.

	For the six-month ended June 30,	
	2022	2021
	(Reviewed)	(Reviewed) (Restated)
Profit for the period (QR' 000)	5,432,251	3,454,827
Weighted average number of shares outstanding during the period (in thousands)	6,050,000	6,050,000
Basic and diluted earnings per share (expressed in QR per share)	0.90	0.57

17. DIVIDENDS

During the period, cash dividends of QR 1 per share amounting to QR 6,050 million relating to 2021 were approved by the shareholders at the Annual General Assembly Meeting held on March 3, 2022 (June 30, 2021: QR 0.33 per share amounting to QR 1,996.5 million relating to 2020).

18. INCOME TAX

	For the six-month ended June 30,	
	2022	2021
	(Reviewed)	(Reviewed)
<i>Current income tax</i>		
Current income tax charge	1,192,340	530,610
Adjustments for prior year income tax	3,043	(3,249)
	1,195,383	527,361
Group tax benefit (i)	(1,195,235)	(526,670)
	148	691
<i>Deferred tax</i>		
	--	--
	148	691

- (i) As per the MOU between the General Tax Authority and Ministry of Finance, the proportion of income tax of the subsidiaries, joint ventures and their components attributable to the effective shareholding of the public shareholding company shall be settled with the General Tax Authority by the Ministry of Finance through the defined settlement arrangement between the public shareholding company, QatarEnergy and the Ministry of Finance.

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

For the six-month period ended June 30, 2022

18. INCOME TAX (CONTINUED)

Reconciliation between income tax and the product of accounting profit multiplied by the effective tax rate for the year is as follows:

	For the six months period ended June 30,	
	2022	2021
	(Reviewed)	(Reviewed)
		(Restated)
	QR' 000	QR' 000
Profit before tax	5,432,611	3,456,731
Adjustments for:		
Non-taxable income	(1,826,081)	(1,556,638)
Non-deductible expenses and losses	103,928	21,686
Taxable income	3,710,458	1,921,779
Current income tax	1,192,340	530,610

19. FINANCIAL INSTRUMENTS

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted prices (unadjusted) prices in active markets for identical assets or liabilities that the Group can access at the measurement date;

Level 2: Inputs other than quoted prices included within level 1 that are observable for the assets of liability, either directly or indirectly; and

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The Group has received the Actual Net Back Unit Price (ANUP) from Qatar Chemical and Petrochemical Marketing and Distribution Company (QCPMDC), prior to closure of the financial period end, which has been used to measure the receivables from Qatar Chemical and Petrochemical Marketing and Distribution Company (QCPMDC).

On April 2022, the Group received the Cashflow statement from QCPMDC pertaining to sale of fertilisers for December 2021 and this statement included an ANUP adjustment of QR 96.87 million (2021: QR. 44.04 million) which has been adjusted in the financial statements.

INDUSTRIES QATAR Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six-month period ended June 30, 2022

19. FINANCIAL INSTRUMENTS (CONTINUED)

The following table provides the fair value measurement hierarchy of the Group's financial asset and liabilities at June 30, 2022 and December 31, 2021.

	Financial assets				
	FVTPL	Hierarchy levels			
		1	2	3	Total
QR' 000	QR' 000	QR' 000	QR' 000	QR' 000	
June 30, 2022 (Reviewed)					
Financial assets at fair value through profit or loss (FVTPL) (Note 10)	369,163	365,578	--	3,585	369,163
Trade accounts receivable measured at fair value (Note 11.2)	1,961,830	--	--	1,961,830	1,961,830
December 31, 2021 (Audited)					
Financial assets at fair value through profit or loss (FVTPL) (Note 10)	348,510	344,925	--	3,585	348,510
Trade accounts receivable measured at fair value (Note 11.2)	2,166,729	--	--	2,166,729	2,166,729

Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Some of the Group's financial assets are measured at fair value at the end of the reporting period. The following table gives information about how the fair values of these financial assets are determined:

Financial assets	Fair value as at		Carrying value as at		Fair value hierarchy
	June 30, 2022	December 31, 2021	June 30, 2022	December 31, 2021	
	(Reviewed)	(Audited)	(Reviewed)	(Audited)	
	QR' 000	QR' 000	QR' 000	QR' 000	
Financial assets at fair value through profit or loss (FVTPL) (Note 10)	369,163	348,510	369,163	348,510	Level 1 and 3
Trade accounts receivable measured at fair value (Note 11.2)	1,961,830	2,166,729	1,961,830	2,166,729	Level 3

Management consider that the carrying amounts of financial assets and financial liabilities recognised in these interim condensed consolidated financial information approximate their fair values.

INDUSTRIES QATAR Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six-month period ended June 30, 2022

20. SEGMENT INFORMATION

Information regarding the Group's reportable segments is set out below in accordance with "IFRS 8 Operating Segments". IFRS 8 requires reportable segments to be identified on the basis of internal reports that are regularly reviewed by the Group's Chairman and Managing Director and used to allocate resources to the segments and to assess their performance. The majority of the Group's revenues, profits and assets relate to its operations in the State of Qatar.

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.

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

For the six-month period ended June 30, 2022

20. SEGMENT INFORMATION (CONTINUED)**Operating segments:**

The following table present revenue and profit information regarding the Group's operating segments for the six month period ended June 30, 2022 and 2021:

For the six month period ended June 30, 2022 (reviewed)

	<u>Petrochemicals</u>	<u>Fertilisers</u>	<u>Steel</u>	<u>Others</u>	<u>Combined</u>	<u>Adjustments and Elimination</u>	<u>Consolidated</u>
	QR' 000	QR' 000	QR' 000	QR' 000	QR' 000	QR' 000	QR' 000
Revenue							
External customers	2,872,300	7,952,533	2,459,207	--	13,284,040	(2,872,300)	10,411,740
Inter-segment revenue	--	--	--	--	--	--	--
Total revenue	2,872,300	7,952,533	2,459,207	--	13,284,040	(2,872,300)	10,411,740
	<u>Petrochemicals</u>	<u>Fertilisers</u>	<u>Steel</u>	<u>Others</u>	<u>Combined</u>	<u>Adjustments and Elimination</u>	<u>Consolidated</u>
	QR' 000	QR' 000	QR' 000	QR' 000	QR' 000	QR' 000	QR' 000
Results							
Segment profit before tax	1,503,648	3,307,020	620,738	2,628,475	8,059,881	(2,627,270)	5,432,611
Depreciation and amortisation	246,212	511,864	96,648	136,016	990,740	(246,212)	744,528
Finance costs	2,001	6,593	4,723	--	13,317	(2,001)	11,316

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

For the six-month period ended June 30, 2022

20. SEGMENT INFORMATION (CONTINUED)
Operating segments (continued)
For the six month period ended June 30, 2021 (reviewed)

	Petrochemicals	Fertilisers	Steel	Others	Combined	Adjustments and Elimination	Consolidated
	QR' 000	QR' 000	QR' 000	QR' 000	QR' 000	QR' 000	QR' 000
Revenue							
External customers	2,335,639	3,842,225	2,211,842	--	8,389,706	(2,335,639)	6,054,067
Inter-segment revenue	--	--	--	--	--	--	--
Total revenue	<u>2,335,639</u>	<u>3,842,225</u>	<u>2,211,842</u>	<u>--</u>	<u>8,389,706</u>	<u>(2,335,639)</u>	<u>6,054,067</u>
	Petrochemicals	Fertilisers (Restated)	Steel	Others (Restated)	Combined (Restated)	Adjustments and Elimination (Restated)	Consolidated (Restated)
	QR' 000	QR' 000	QR' 000	QR' 000	QR' 000	QR' 000	QR' 000
Results							
Segment profit before tax	1,494,639	1,539,875	495,622	1,082,637	4,612,773	(1,156,042)	3,456,731
Depreciation and amortisation	198,605	499,674	77,837	149,267	925,383	(198,609)	726,779
Finance costs	2,445	7,102	6,854	--	16,401	(2,445)	13,956

Revenues from external customers come from the sale of steel bars, billets, coils, direct reduced iron, hot briquetted iron, by-products, freight revenues, urea, ammonia, methyl-tertiary-butyl-ether (MTBE), methanol, ethylene, polyethylene and other petrochemical products.

INDUSTRIES QATAR Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six-month period ended June 30, 2022

20. SEGMENT INFORMATION (CONTINUED)

Operating segments (continued)

Revenues of approximately QR 7,952 million (June 30, 2021: QR. 3,962 million) are derived from a single external customer, Qatar Chemical and Petrochemical Marketing and Distribution Company Q.J.S.C. (“Muntajat”). Pursuant to Decree Law 11 of 2012 of the State of Qatar, Muntajat was established in the year 2012 to carry out marketing and distribution activities of all regulated chemical and petrochemical products.

The Group entities are domiciled in Qatar, the Kingdom of Bahrain, the Kingdom of Saudi Arabia and United Arab Emirates. Of the group’s revenues in the six-month period 2022, 86% is earned in Qatar (2021: 79% %), 4% earned in UAE (2021: 6%) and the remaining is distributed in a number of countries which is not split for purpose of segment reporting.

The following table presents segment assets of the Group’s operating segments as at June 30, 2022 and December 31, 2021.

Segment assets	Petrochemicals	Fertilisers	Steel	Others	Adjustments and eliminations	Total
	QR’ 000	QR’ 000	QR’ 000	QR’ 000	QR’ 000	QR’ 000
At June 30, 2022 (Reviewed)	8,694,478	15,344,928	7,459,111	19,185,540	(9,052,227)	41,631,830
At December 31, 2021 (as previously presented)	8,816,429	16,317,536	7,544,281	22,783,380	(13,153,925)	42,307,701
Reclassification*	--	(1,016,350)	--	--	1,016,350	--
At December 31, 2021	8,816,429	15,301,186	7,544,281	22,783,380	(12,137,575)	42,307,701

* Reclassification pertains to consolidation level adjustments previously presented as component of Fertilizer segment and have been reclassified to Others for consistency in the current period presentation.

21. CONTINGENCIES

The Group had contingent liabilities in respect of bank and other guarantees, legal claims and other matters arising in the ordinary course of business.

The Group’s contingent liabilities are as follows:

	June 30, 2022 (Reviewed)	December 31, 2021 (Audited)
	QR’ 000	QR’ 000
Letters of credit	17,501	4,046
Bank guarantees	4,046	7,091

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21. CONTINGENCIES (CONTINUED)

The below table provides the Group's share in the contingencies of the joint ventures:

	<u>Total</u> QR' 000
As at June 30, 2022 (Reviewed)	
Bank guarantees	1,713
Letters of credit	<u>10,032</u>
	<u>11,745</u>
	<u>Total</u> QR' 000
As at December 31, 2021 (Audited)	
Bank guarantees	1,267
Letters of credit	<u>10,032</u>
	<u>11,299</u>

The Group anticipates that no material liabilities will arise from the above guarantees and letter of credits, which are issued in the ordinary course of business behind what is recognised at period end.

Site restoration obligation

The Group's industrial plant, office site and administrative facilities are constructed on land leased from QatarEnergy. Under the lease agreement QatarEnergy has the right, upon termination or expiration of the lease term, to notify the Group that it requires either:

- transfer all the facilities to QatarEnergy or a transferee nominated by QatarEnergy, against a price acceptable by the Group, or;
- remove the facilities and all the other property from the land and restore it to at least the condition in which it was delivered to the Group, at the Group's cost and expense, unless otherwise is agreed with the lessor.

As period end, no provision has been recognised for site restoration obligations. It has been assessed by management that it is more likely for the lessor to opt not to force the Group to restore leased lands to its original condition when it was delivered to the Group.

Qatar Fertiliser Company ("QAFCO") Tax assessment for the years 2007 to 2013

In 2020, the General Tax Authority ("GTA") issued income tax assessments to QAFCO for the years from 2007 to 2013, requiring the Company to pay additional taxes and penalties of QR 4.48 billion. This includes penalties amounting to QR 2.24 billion on the contention that the Company has not paid the income tax related to the share of IQ during those years. After receiving the assessments, the Group submitted formal objections as per the requirement of the Income Tax Law, rejecting the full amount claimed by the GTA.

Subsequent to the reporting date on July 4, 2022 the Group received a letter from GTA in which the GTA agreed to accept the tax returns of the Company for the years from 2010 to 2013 and confirmed no outstanding tax dues to the Company in respect of those years.

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For the six-month period ended June 30, 2022

21. CONTINGENCIES (CONTINUED)

Qatar Fertiliser Company (“QAFCO”) Tax assessment for the years 2007 to 2013 (continued)

The assessments for the tax years from 2007 to 2009 requiring the Company to pay additional taxes amounting to QR. 2.5 million and penalties amounting to QR 2.5 million, the Company is still waiting for the decision of the GTA.

Management has concluded that it is probable (i.e., it is more likely than not) that the GTA will accept the tax treatment in the objection for the tax years from 2007 to 2009 as well and accordingly has not recorded a liability for the assessments received or for any potential further amounts which may be assessed in relation to this matter in subsequent years.

Further, as per the terms of the MOU (Note 18), the Ministry of Finance (“MoF”) undertakes to settle any income tax amounts payable by the Group for the previous years’ directly to the GTA. Based on the discussions with GTA and referring to the assessments for the years 2010 to 2013 which got withdrawn subsequently, it is expected that the assessments for the years from 2007 to 2009 will also be withdrawn.

Gulf Formaldehyde Company (“GFC”) Tax assessment for the years 2003 to 2018

In 2021, the General Tax Authority (“GTA”) issued income tax assessments to one of the subsidiary, GFC for the years from 2003 to 2018, requiring the subsidiary to pay additional taxes and penalties of QR 54.5 million. This includes penalties amounting to QR 26.7 million on the contention that the subsidiary has delayed in submitting the income tax returns and payment of Income taxes for Tax year 2003 to 2018. Further, for tax years 2010 to 2018, GTA has also imposed additional taxes and corresponding penalties on the profit share of IQ, stating that the entire profits of GFC are subject to taxes. After receiving the assessments, the Group has submitted formal objections as per the requirement of the Income Tax Law, rejecting the full amount claimed by the GTA within 30 days of receipt of the assessment. The Company has further responded to the Appeal Committee on June 5, 2022 and the decision is still pending and expected to be announced on August 18, 2022.

Management has concluded that it is probable (i.e., it is more likely than not) that the General Tax Authority will accept the tax treatment in the objection and accordingly has not recorded a liability for the assessments received or for any potential further amounts which may be assessed in relation to this matter in subsequent years.

Further, as per the terms of the MOU (Note 18), the Ministry of Finance (“MoF”) undertakes to settle any income tax amounts payable by the Group for the previous years’ directly to the GTA. Based on the ongoing discussions and correspondence between QatarEnergy, on behalf of the Group, the MoF, and the GTA, it is expected that the assessments will be withdrawn.

22. COMMITMENTS

(i) Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as a liability is as follows:

	June 30, 2022 (Reviewed) QR’ 000	December 31, 2021 (Audited) QR’ 000
Property, plant and equipment	1,145,122	495,571

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22. COMMITMENTS (CONTINUED)

(ii) Group's share in commitments incurred by joint venture entities:

	<u>QAPCO</u> <u>QR' 000</u>	<u>QAFAC</u> <u>QR' 000</u>	<u>Total</u> <u>QR' 000</u>
As at June 30, 2022 (Reviewed)			
Capital commitments	<u>535,169</u>	<u>33,515</u>	<u>568,684</u>
	<u>QAPCO</u> <u>QR' 000</u>	<u>QAFAC</u> <u>QR' 000</u>	<u>Total</u> <u>QR' 000</u>
As at December 31, 2021 (Audited)			
Capital commitments	<u>335,037</u>	<u>24,082</u>	<u>359,119</u>

23. RESTATEMENT OF PRIOR PERIOD BALANCES

The interim condensed consolidated financial information have been restated as at June 30, 2021 by restating each affected financial statements line items for the prior period in accordance with the requirements 'IAS 8 Accounting policies, Changes in Estimates and Errors' and impact is set-out below.

During the period, management have identified error in the calculation of the amount of depreciation expense recognized for the period ended June 30, 2021 pertaining to certain property, plant and equipment acquired when the Group obtained full control over QAFCO.

Reconciliation of restated and previously reported amounts in the interim condensed consolidated statement of profit and loss and other comprehensive income for the period ended June 30, 2021:

	<u>As previously reported June 30, 2021</u> QR'000	<u>Adjustments</u> QR'000	<u>As restated June 30, 2021</u> QR'000
Interim Condensed Consolidated Statement of Profit or Loss			
<i>For the period ended June 30, 2021</i>			
Cost of sales	(3,913,588)	(83,562)	(3,997,150)
Profit for the period	<u>3,539,602</u>	<u>(83,562)</u>	<u>3,456,040</u>
Earnings per share	<u>0.58</u>	<u>(0.01)</u>	<u>0.57</u>

The effect on the interim consolidated statement of cashflows is as follows:

	<u>As previously reported June 30, 2021</u> QR.'000	<u>Adjustments</u> QR.'000	<u>As restated June 30, 2021</u> QR.'000
Operating activities			
Profit for the year before tax	3,540,293	(83,562)	3,456,731
Depreciation and amortization of property, plant and equipment and intangible assets	623,985	83,562	707,547

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six-month period ended June 30, 2022

24. APPROVAL OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

This interim condensed financial information was approved by the Board of Directors and authorised for issue on August 7, 2022.