

**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, 2021**

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, 2021

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QR: 99-8

RN: 392/BH/FY2022

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, 2021 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 5, 2021

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, 2021

	Notes	June 30, 2021 (Reviewed) QR' 000	December 31, 2020 (Audited) QR' 000
ASSETS			
Non-current assets			
Property, plant and equipment	4	13,476,586	13,881,968
Investments in associates	5	1,528,801	1,475,079
Investments in joint ventures	6	8,370,055	6,915,500
Right-of-use assets	7	206,585	224,847
Intangible asset - license fee		1,784	1,845
Total non-current assets		23,583,811	22,499,239
Current assets			
Inventories	8	1,537,857	1,944,820
Trade and other receivables	9	2,407,671	2,455,695
Financial assets at fair value through profit or loss (FVTPL)	10	344,699	348,367
Cash and bank balances	12	2,924,974	1,855,294
Fixed deposits	12(ii)	6,746,865	6,945,965
Total current assets		13,962,066	13,550,141
Total assets		37,545,877	36,049,380



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

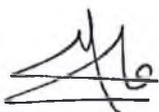
INDUSTRIES QATAR Q.P.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

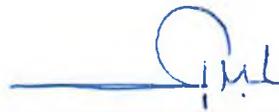
As at June 30, 2021

	Notes	June 30, 2021 (Reviewed) 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		(1,212)	(6,713)
Other reserve		(10,773)	(10,773)
Retained earnings		29,092,818	27,550,929
Equity attributable to equity holders of the parent		35,307,746	33,760,356
Non-controlling interest		17,685	17,072
Total equity		35,325,431	33,777,428
LIABILITIES			
Non-current liabilities			
Lease liabilities	7	307,105	324,908
Employees' end of service benefits	13	422,063	419,852
Total non-current liabilities		729,168	744,760
Current liabilities			
Lease liabilities	7	80,470	75,178
Trade and other payables		1,399,476	1,403,029
Employees' end of service benefits	13	10,641	10,641
Income tax payable		691	1,747
Bank borrowings		--	36,597
Total current liabilities		1,491,278	1,527,192
Total liabilities		2,220,446	2,271,952
Total equity and liabilities		37,545,877	36,049,380

This interim condensed consolidated financial information was approved by the Board of Directors and authorised for issue on August 5, 2021 by:


Digitally signed
by Abdulaziz Al-
Mannai

Abdulaziz Mohammed Al-Mannai
Vice Chairman



Abdulrahman Mohamed Al-Suwaidi
Board Member
DELOITTE & TOUCHE
Doha- Qatar
6 5 AUG 2021
Signed for Identification
Purposes Only

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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, 2021

	Notes	For the six-month period ended June 30,	
		2021	2020
		(Reviewed) QR' 000	(Reviewed) (Restated) QR' 000
Revenues	14	6,054,067	3,722,546
Cost of sales	15	(3,913,588)	(3,375,895)
Gross profit		2,140,479	346,651
General and administrative expenses		(274,596)	(244,352)
Selling and distribution expenses		(33,033)	(25,691)
Share of results of investments in associates	5	53,221	6,726
Share of results of investments in joint ventures	6	1,494,639	309,170
Finance costs		(13,956)	(13,664)
Fair value gain and bargain purchase gain on business combination		--	1,408,934
Impairment loss on property, plant and equipment		--	(1,224,893)
Other income – net		173,539	147,513
Profit before tax		3,540,293	710,394
Income tax	18	(691)	(144,702)
Deferred tax	18	--	(18,400)
Profit for the period		3,539,602	547,292
Attributable to:			
Equity holders of the parent		3,538,389	652,805
Non-controlling interest		1,213	(105,513)
		3,539,602	547,292
Earnings per share			
Basic and diluted earnings (QR per share)	16	0.58	0.11



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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, 2021

	For the six-month period ended June 30,	
	2021 (Reviewed) QR' 000	2020 (Reviewed) (Restated) QR' 000
Profit for the period	<u>3,539,602</u>	<u>547,292</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>5,501</u>	<u>845</u>
Total comprehensive income for the period	<u><u>3,545,103</u></u>	<u><u>548,137</u></u>
Attributable to:		
Equity holders of the parent	<u>3,543,890</u>	<u>653,650</u>
Non-controlling interest	<u>1,213</u>	<u>(105,513)</u>
	<u><u>3,545,103</u></u>	<u><u>548,137</u></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, 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	--	--	--	--	3,538,389	3,538,389	1,213	3,539,602
Other comprehensive income	--	--	5,501	--	--	5,501	--	5,501
Total comprehensive income for the period	--	--	5,501	--	3,538,389	3,543,890	1,213	3,545,103
<i>Transaction with owners</i>								
Dividends declared (Note 17)	--	--	--	--	(1,996,500)	(1,996,500)	(600)	(1,997,100)
Balance as at June 30, 2021 (Reviewed)	6,050,000	176,913	(1,212)	(10,773)	29,092,818	35,307,746	17,685	35,325,431



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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, 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
Profit/(loss) for the period – restated	--	--	--	--	652,805	652,805	(105,513)	547,292
Other comprehensive income	--	--	845	--	--	845	--	845
Total comprehensive income for the period – restated	--	--	845	--	652,805	653,650	(105,513)	548,137
<i>Transaction with owners</i>								
Dividends declared (Note 17)	--	--	--	--	(2,420,000)	(2,420,000)	(1,260)	(2,421,260)
Balance as at June 30, 2020 (Reviewed) – restated	<u>6,050,000</u>	<u>158,148</u>	<u>(3,235)</u>	<u>6,057</u>	<u>26,252,506</u>	<u>32,463,476</u>	<u>3,673,735</u>	<u>36,137,211</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, 2021

	Notes	For the six-month period ended June 30,	
		2021 (Reviewed) QR' 000	2020 (Reviewed) (Restated) QR' 000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		3,540,293	710,394
<i>Adjustments for:</i>			
Depreciation and amortisation		623,985	711,548
Amortisation of right-of-use assets	7	19,232	28,366
Provision for employees' end of service benefits		25,706	41,666
Fair value gain and bargain purchase gain on business combination		--	(1,408,934)
Impairment loss on property, plant and equipment		--	1,224,893
Impairment loss reversal adjustment		--	10,000
Share of results of investments in associates	5	(53,221)	(6,726)
Share of results of investments in joint ventures	6	(1,494,639)	(309,170)
Loss on disposal of property, plant and equipment		110	152
Finance costs		13,956	13,664
Interest income		(89,592)	(152,543)
Net provision for obsolete and slow moving inventories		22,682	16,003
Net remeasurement of loss allowance		4,062	--
Fair value loss on financial assets at fair value through profit or loss		3,668	11,388
Dividends received from financial assets at fair value through profit or loss		(13,196)	(15,455)
Cash flow generated from operating activities before changes in working capital		2,603,046	875,246
Movements in working capital			
Inventories		384,281	482,689
Trade and other receivables		95,022	533,192
Trade and other payables		32,951	(257,357)
Cash generated from operating activities		3,115,300	1,633,770
Payments of employees' end of service benefits		(23,495)	(66,000)
Payment of contribution to social and sports fund		(48,855)	(59,572)
Net cash generated from operating activities		3,042,950	1,508,198

DELOITTE & TOUCHE
Doha - Qatar
5 AUG 2021
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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, 2021

	Notes	For the six-month period ended June 30,	
		2021	2020
		(Reviewed) QR' 000	(Reviewed) (Restated) QR' 000
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	4	(218,676)	(139,518)
Movement in fixed deposits		199,100	2,408,241
Proceeds from disposal of property, plant and equipment		--	17
Dividends received from financial assets at fair value through profit or loss		13,196	15,455
Dividends received from investments in joint ventures		40,084	146,407
Dividends received from investment in associate		5,000	2,100
Interest income received		38,328	114,499
Net cash addition from business combination		--	1,223,752
Net cash generated from investing activities		77,032	3,770,953
CASH FLOWS FROM FINANCING ACTIVITIES			
Net movement in trust receipt borrowings		(36,597)	--
Interest paid related to lease liability		(7,661)	(11,621)
Other finance charges paid		(2,302)	(2,045)
Payment of lease liability		(15,993)	(19,417)
Movement in unclaimed dividend bank accounts		(19,234)	(20,648)
Dividends paid to non-controlling interest		(600)	--
Dividends paid		(1,977,266)	(2,399,352)
Net cash used in financing activities		(2,059,653)	(2,453,083)
Net increase in cash and cash equivalents		1,060,329	2,826,068
Cash and cash equivalents at January 1		1,717,223	1,838,317
Cash and cash equivalents at June 30	12(i)	2,777,552	4,664,385



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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, 2021

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:

	<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 information are the share of profit or loss and other comprehensive income of the following joint venture and associate companies using equity 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%

INDUSTRIES QATAR Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six-month period ended June 30, 2021

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six-month period ended June 30, 2021 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, 2020. In addition, results for the six-month period ended June 30, 2021 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2021.

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, 2020.

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, 2020 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.

Application of New and Revised International Financial Reporting Standards (IFRSs) Revised Standards

During the current period, below amended IFRS became effective for the first time:

- Interest Rate Benchmark Reform Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16;
- Amendment to extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification.

The adoption of above amended standards had no significant impact on the Group’s interim condensed consolidated financial statements.

Standards issued but not yet effective

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2021 and earlier application is permitted. The Company has not early adopted any of the forthcoming new or amended standards in preparing 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, 2021

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, 2020 (Audited):					
Cost	4,656,272	15,090,129	119,616	377,105	20,243,122
Accumulated depreciation and impairment losses	(962,801)	(5,297,682)	(100,671)	--	(6,361,154)
Net book value	3,693,471	9,792,447	18,945	377,105	13,881,968
Six-months period ended June 30, 2021 (Reviewed):					
Opening net book value	3,693,471	9,792,447	18,945	377,105	13,881,968
Additions	--	12,769	--	205,907	218,676
Transfers	53,129	101,268	2,282	(156,679)	--
Written-off	--	--	--	(25)	(25)
Disposals	--	--	(110)	--	(110)
Depreciation charge	(133,767)	(487,262)	(2,894)	--	(623,923)
Closing net book value	3,612,833	9,419,222	18,223	426,308	13,476,586
At June 30, 2021 (Reviewed)					
Cost	4,709,399	15,204,168	121,558	426,308	20,461,433
Accumulated depreciation and impairment losses	(1,096,566)	(5,784,946)	(103,335)	--	(6,984,847)
Net book value	3,612,833	9,419,222	18,223	426,308	13,476,586

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

For the six-month period ended June 30, 2021

5. INVESTMENTS IN ASSOCIATES

Details of the Group's associates at June 30, are as follows:

<u>Name of associate</u>	<u>Principal activity</u>	<u>Place of incorporation and operation</u>	<u>Effective ownership %</u>	
			<u>June 30, 2021 (Reviewed)</u>	<u>December 31, 2020 (Audited)</u>
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:

	<u>June 30, 2021 (Reviewed)</u> QR' 000	<u>December 31, 2020 (Audited)</u> QR' 000
Foulath holding B.S.C.	1,520,409	1,463,234
Qatar Metals Coating Company W.L.L.	8,392	11,845
SOLB Steel Company (i)	--	--
	<u>1,528,801</u>	<u>1,475,079</u>

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

	<u>June 30, 2021 (Reviewed)</u> QR' 000	<u>December 31, 2020 (Audited)</u> QR' 000
Balance at the beginning of the period/year	1,475,079	1,475,914
Dividend and tax benefit payments received from associates	(5,000)	(2,549)
Share of net results of investments in associates	52,714	14,347
Adjustment related to tax benefit	507	--
Adjustment relating to reversal of impairment	--	(10,000)
Net share of other comprehensive income/(loss)	5,501	(2,633)
Balance at the end of the period/year	<u>1,528,801</u>	<u>1,475,079</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, 2020 and June 30, 2021. The share of results of SOLB Steel Company during the period was QR nil (June 30, 2020: QR nil).

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

For the six-month period ended June 30, 2021

6. INVESTMENTS IN JOINT VENTURES

Details of the Group's joint ventures at June 30, are as follows:

Name of joint ventures	Principal activity	Place of incorporation and operation	Effective ownership %	
			June 30, 2021 (Reviewed)	December 31, 2020 (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, 2021 (Reviewed)	December 31, 2020 (Audited)
	QR.'000	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 investments in joint ventures	975,446	308,512
Adjustment related to tax benefit	519,193	756,793
Share of other comprehensive loss	--	(18,864)
Dividends and tax benefits payments received	(40,084)	(1,015,527)
Balance at the end of the period/year	8,370,055	6,915,500

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					Lease liabilities
	Land and building	Heavy duty equipment	Motor vehicles	Other assets	Total	
	QR '000	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	482	970	970
Amortization expense	(12,937)	(4,618)	(959)	(718)	(19,232)	--
Interest expense	--	--	--	--	--	10,173
Payments	--	--	--	--	--	(23,654)
June 30, 2021 (Reviewed)	159,692	6,206	4,048	36,639	206,585	387,575

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

For the six-month period ended June 30, 2021

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, 2020	52,927	38,031	6,118	37,512	134,588	200,804
Additions	14,495	--	2,602	--	17,097	17,097
Additions through business combination	135,339	--	1,739	654	137,732	231,628
Adjustments due to lease modifications	(1,690)	(9,859)	(428)	--	(11,977)	(11,851)
Amortisation expense	(28,442)	(17,348)	(5,512)	(1,291)	(52,593)	--
Interest expense	--	--	--	--	--	22,382
Payments	--	--	--	--	--	(59,974)
December 31, 2020	<u>172,629</u>	<u>10,824</u>	<u>4,519</u>	<u>36,875</u>	<u>224,847</u>	<u>400,086</u>

The lease liabilities is presented in the financial statements as:

	June 30, 2021 (Reviewed) QR' 000	December 31, 2020 (Audited) QR' 000
Current	80,470	75,178
Non-current	307,105	324,908
	<u>387,575</u>	<u>400,086</u>

8. INVENTORIES

	June 30, 2021 (Reviewed) QR' 000	December 31, 2020 (Audited) QR' 000
Finished goods and goods for resale	347,554	452,355
Raw materials	77,015	169,859
Spares and consumables and supplies	898,990	890,901
Work in process	209,167	326,771
Additives	156,728	236,114
Goods in transit	27,297	25,032
	<u>1,716,751</u>	<u>2,101,032</u>
Less: Provision for slow-moving inventory and write downs	(178,894)	(156,212)
	<u>1,537,857</u>	<u>1,944,820</u>

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For the six-month period ended June 30, 2021

8. INVENTORIES (CONTINUED)

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

	June 30, 2021 (Reviewed)	December 31, 2020 (Audited)
	QR' 000	QR' 000
Balance at the beginning of the period/year	156,212	33,986
Additional provision from business combination	--	92,097
Provision during the period/year	23,634	30,702
Reversal of provision	(952)	(573)
Balance at the end of the period/year	178,894	156,212

9. TRADE AND OTHER RECEIVABLES

	June 30, 2021 (Reviewed)	December 31, 2020 (Audited)
	QR' 000	QR' 000
Trade accounts receivable at amortized cost	660,438	485,408
Due from related parties (Note 11.2)	97,636	868,645
Advances to suppliers	141,907	196,148
Prepayments	59,503	64,048
Loans to employees	105,195	100,617
Accrued interest	69,591	18,327
Other receivables	15,551	18,441
	1,149,821	1,751,634
Less: Loss allowance (i)	(61,061)	(56,999)
	1,088,760	1,694,635
Trade accounts receivable measured at fair value through profit or loss (Note 11.2)	1,318,911	761,060
	2,407,671	2,455,695

- i) The Group has recorded a loss allowance on trade accounts receivable and due from related parties amounting to QR 2.98 million (2020: QR 3.34 million) and QR 58.08 million (2020: QR 53.65 million) (Note 11.2), respectively. No interest is charged on outstanding trade receivables.

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For the six-month period ended June 30, 2021

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

	<u>June 30, 2021 (Reviewed)</u> QR' 000	<u>December 31, 2020 (Audited)</u> QR' 000
Balance as at January 1,	56,999	54,068
Net remeasurement of loss allowance	4,062	2,148
Loss allowance from business combination	--	783
Balance as at the end of the period/year	<u>61,061</u>	<u>56,999</u>

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

	<u>June 30, 2021 (Reviewed)</u> QR' 000	<u>December 31, 2020 (Audited)</u> QR' 000
Balance at the beginning of the period/year	348,367	324,581
Disposal	--	(15,210)
Movement in fair value recognised directly in profit or loss	(3,668)	38,996
Balance at end of period/year, measured at fair value	<u>344,699</u>	<u>348,367</u>
Investments in equity instruments – quoted	<u>341,114</u>	<u>344,782</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, 2021

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, 2021 (Reviewed) QR' 000	June 30, 2020 (Reviewed) QR' 000
Sales of goods and services		
<i>Associates and their subsidiaries</i>		
Qatar Metals Coating Company W.L.L.	29,655	24,865
<i>Ultimate Parent</i>		
Qatar Petroleum	--	584,814
<i>Entities under common control</i>		
Gasal Company Q.S.C.	34	17
Qatar Vinyl Company Limited Q.P.J.S.C.	342	--
Qatofin Company Limited Q.P.J.S.C.	31	--
Qatar Chemical and Petrochemical Marketing and Distribution Company (Muntajat) Q.J.S.C.	<u>3,962,058</u>	<u>2,717,092</u>
	<u>3,992,120</u>	<u>3,326,788</u>
	June 30, 2021 (Reviewed) QR' 000	June 30, 2020 (Reviewed) QR' 000
Purchases of goods and services		
<i>Ultimate Parent</i>		
Qatar Petroleum	1,454,117	401,181
<i>Associates and their subsidiaries</i>		
Qatar Metals Coating Company W.L.L.	110	--
<i>Joint ventures</i>		
QAFAC	21,701	12,900
QAPCO	--	437
	<u>21,701</u>	<u>13,337</u>
<i>Entities under common control</i>		
Gasal Company Q.S.C.	27,599	27,300
Qatar Chemical and Petrochemical Marketing and Distribution Company (Muntajat) Q.J.S.C.	129,730	5,662
Qatar Fuel Company (WOQOD) Q.P.S.C.	2,690	4,160
	<u>160,019</u>	<u>37,122</u>
	<u>1,635,947</u>	<u>451,640</u>

INDUSTRIES QATAR Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six-month period ended June 30, 2021

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

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

	June 30, 2021 (Reviewed) QR' 000	December 31, 2020 (Audited) QR' 000
Receivables from related parties		
Measured at amortised cost:		
<i>Ultimate parent</i>		
Qatar Petroleum	4,423	109,984
<i>Joint venture</i>		
QAPCO	--	650,889
QAFAC	--	13,687
	<u> --</u>	<u> 664,576</u>
<i>Associates and their subsidiaries</i>		
Qatar Metals Coating Company W.L.L.	15,637	18,770
SOLB Steel Company	53,614	53,614
Qatar Vinyl Company Limited (QVC) Q.P.J.S.C.	126	48
Qatofin Company Limited Q.P.J.S.C.	27	--
SULB Company B.S.C.	40	40
	<u> 69,444</u>	<u> 72,472</u>
<i>Entity under common control:</i>		
Qatar Chemical and Petrochemical Marketing and Distribution Company (Muntajat) Q.J.S.C.	--	36
Al Koot Insurance and Reinsurance Company P.J.S.C.	23,769	21,577
	<u> 97,636</u>	<u> 868,645</u>
Less: Loss allowance	<u> (58,077)</u>	<u> (53,654)</u>
	<u> 39,559</u>	<u> 814,991</u>
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.	1,318,911	761,060
	<u> 1,358,470</u>	<u> 1,576,051</u>

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

For the six-month period ended June 30, 2021

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

	June 30, 2021 (Reviewed)	December 31, 2020 (Audited)
	QR' 000	QR' 000
Payables to related parties		
<i>Ultimate parent</i>		
Qatar Petroleum	278,762	200,980
<i>Joint venture</i>		
QAFAC	3,941	2,390
QAPCO	14	--
<i>Entities under common control</i>		
Gasal Company Q.S.C.	8,900	19,209
Qatar Chemical Company Limited Q.P.J.S.C.	41	--
Al Koot Insurance And Reinsurance Company P.J.S.C.	183	20,488
Qatar Fuel Company (WOQOD) Q.P.S.C	105	38
	291,946	243,105

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, 2021 (Reviewed)	June 30, 2020 (Reviewed)
	QR' 000	QR' 000
Board of Directors' sitting fees	6,238	6,030
Short term benefits to key management personnel	18,607	14,678
	24,845	20,708

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

For the six-month period ended June 30, 2021

12. CASH AND BANK BALANCES

	June 30, 2021 (Reviewed) QR' 000	December 31, 2020 (Audited) QR' 000
Cash and bank balances	1,168,094	805,109
Short term fixed deposits	1,756,880	1,050,185
	<u>2,924,974</u>	<u>1,855,294</u>

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

	June 30, 2021 (Reviewed) QR' 000	June 30, 2020 (Audited) QR' 000
Cash and bank balances	2,924,974	4,806,313
Less: Dividend accounts	(147,422)	(141,928)
Cash and cash equivalents	<u>2,777,552</u>	<u>4,664,385</u>

- ii) As at June 30, 2021, fixed deposits with maturities greater than 90 days amounted to QR 6,747 million (December 31, 2020: QR 6,946 million). Fixed deposits are held with banks and denominated mainly in Qatari Riyals with an average effective interest rate of 2.16% (December 31, 2020: 2.73%).

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, 2021 (Reviewed) QR' 000	December 31, 2020 (Audited) QR' 000
Balance at the beginning of the period/year	430,493	200,684
Addition from business combination	--	292,274
Provision during the period/year	25,706	66,068
Re-measurement fair value of defined benefits obligation	--	(2,034)
Paid during the period/year	(23,495)	(126,499)
Balance at the end of the period/year	<u>432,704</u>	<u>430,493</u>
Current	10,641	10,641
Non-current	<u>422,063</u>	<u>419,852</u>
	<u>432,704</u>	<u>430,493</u>

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

For the six-month period ended June 30, 2021

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,	
	2021	2020
	(Reviewed)	(Reviewed)
	QR' 000	QR' 000
Disaggregation of revenue – over time		
Processing fee (Annual Operating Expenditure)	--	507,780
Disaggregation of revenue – at a point in time		
Bar sales	1,560,533	1,416,614
Billet sales	310,498	276,648
DRI/HBI	146,976	--
Coil sales	193,835	100,397
Processing fee (Margin of Net Sales Proceeds)	--	77,024
Urea sales	3,309,607	1,221,461
Ammonia sales	345,231	61,262
Melamine sales	187,387	61,360
	<u>6,054,067</u>	<u>3,722,546</u>

15. COST OF SALES

	For the six-month ended June 30,	
	2021	2020
	(Reviewed)	(Reviewed) (Restated)
	QR' 000	QR' 000
Raw materials consumed	2,484,252	1,449,485
Utilities	149,917	193,994
Salaries and wages	256,261	414,852
Depreciation and amortization	576,845	666,842
Repair and maintenance	92,047	86,174
Others	118,076	130,750
Net changes in inventory of finished products and work in progress	236,190	433,798
	<u>3,913,588</u>	<u>3,375,895</u>

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

For the six-month period ended June 30, 2021

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,	
	2021	2020
	(Reviewed)	(Reviewed) (Restated)
Profit for the period (QR' 000)	3,538,389	652,805
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)	0.58	0.11

17. DIVIDENDS

During the period, cash dividends of QR 0.33 per share amounting to QR 1,996.5 million relating to 2020 were approved by the shareholders at the Annual General Assembly Meeting held on March 1, 2021 (June 30, 2020: QR 0.4 per share amounting to QR 2,420 million relating to 2019).

18. INCOME TAX

	For the six-month ended June 30,	
	2021	2020
	(Reviewed)	(Reviewed) (Restated)
<i>Current income tax</i>		
Current income tax charge	530,610	138,742
Adjustments for prior year income tax	(3,249)	447,359
	527,361	586,101
Group tax credit (i)	(526,670)	(441,399)
	691	144,702
<i>Deferred tax</i>		
	--	18,400
	691	163,102

- (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, Qatar Petroleum 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, 2021

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,	
	2021	2020
	(Reviewed)	(Reviewed)
	QR' 000	(Restated)
	QR' 000	QR' 000
Profit before tax	3,540,293	710,394
Adjustments for:		
Non-taxable income	(1,640,200)	(1,721,044)
Non-deductible expenses and losses	21,686	1,407,057
Taxable income	1,921,779	396,407
Current income tax	530,610	138,742

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 or liability, either directly or indirectly; and

Level 3: Unobservable inputs for the asset or liability.

The following table provides the fair value measurement hierarchy of the Group's financial asset and liabilities at June 30, 2021 and December 31, 2020.

	Financial assets				
	FVTPL	Hierarchy levels			
	1	2	3	Total	
	QR'	QR'	QR'	QR'	
	000	000	000	000	
June 30, 2021 (Reviewed)					
Financial assets at fair value through profit or loss (FVTPL) (Note 10)	344,699	341,114	--	3,585	344,699
Trade accounts receivable measured at fair value (Note 11.2)	1,318,911	--	1,318,911	--	1,318,911
December 31, 2020 (Audited)					
Financial assets at fair value through profit or loss (FVTPL) (Note 10)	348,367	344,782	--	3,585	348,367
Trade accounts receivable measured at fair value (Note 11.2)	761,060	--	761,060	--	761,060

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

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19. FINANCIAL INSTRUMENTS (CONTINUED)

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, 2021 (Reviewed)	December 31, 2020 (Audited)	June 30, 2021 (Reviewed)	December 31, 2020 (Audited)	
	QR' 000	QR' 000	QR' 000	QR' 000	
Financial assets at fair value through profit or loss (FVTPL) (Note 10)	344,699	348,367	344,699	348,367	Level 1 and 3
Trade accounts receivable measured at fair value (Note 11.2)	1,318,911	761,060	1,318,911	761,060	Level 2

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

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.

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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, 2021 and 2020:

For the six month period ended June 30, 2021 (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	2,335,639	3,842,225	2,211,842	--	8,389,706	(2,335,639)	6,054,067
Inter-segment revenue	--	--	--	--	--	--	--
Total revenue	2,335,639	3,842,225	2,211,842	--	8,389,706	(2,335,639)	6,054,067
	<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	1,494,639	1,537,972	495,622	1,082,637	4,610,870	(1,070,577)	3,540,293
Depreciation and amortisation	198,605	499,674	77,837	65,705	841,821	(198,604)	643,217
Finance costs	2,445	7,102	6,854	--	16,401	(2,445)	13,956

INDUSTRIES QATAR Q.P.S.C.

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For the six-month period ended June 30, 2021

20. SEGMENT INFORMATION (CONTINUED)

Operating segments (continued)

For the six month period ended June 30, 2020 (reviewed) (restated)

	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	1,372,859	1,928,887	1,793,659	--	5,095,405	(1,372,859)	3,722,546
Inter-segment revenue	--	--	--	--	--	--	--
Total revenue	<u>1,372,859</u>	<u>1,928,887</u>	<u>1,793,659</u>	<u>--</u>	<u>5,095,405</u>	<u>(1,372,859)</u>	<u>3,722,546</u>

	Petrochemicals	Fertilisers	Steel	Others	Combined	Adjustments and Elimination	Consolidated
	QR' 000	QR' 000 Restated	QR' 000	QR' 000	QR' 000	QR' 000 Restated	QR' 000 Restated
Results							
Segment profit before tax	309,170	373,731	(1,389,276)	270,414	(435,961)	1,146,355	710,394
Depreciation and amortisation	193,173	516,278	129,861	93,775	933,087	(193,173)	739,914
Finance costs	3,213	8,108	5,556	--	16,877	(3,213)	13,664

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.

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

Revenues of approximately QR 3,962 million (June 30, 2020: QR. 2,717 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 2021, 79% is earned in Qatar (2020: 88%), 6% earned in UAE (2020: 8%) 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, 2021 and December 31, 2020.

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, 2021 (Reviewed)	8,617,771	13,430,229	7,171,312	16,454,162	(8,127,597)	37,545,877
At December 31, 2020 (Audited)	7,883,614	13,032,625	6,902,885	17,404,720	(9,174,464)	36,049,380

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, 2021 (Reviewed) QR' 000	December 31, 2020 (Audited) QR' 000
Letters of credit	6,752	7,734
Bank guarantees	4,346	4,346
Legal cases	29,790	29,850

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

	Total QR' 000
As at June 30, 2021 (Reviewed)	
Bank guarantees	80
Letters of credit	4,492
	4,572

INDUSTRIES QATAR Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six-month period ended June 30, 2021

21. CONTINGENCIES (CONTINUED)

	<u>Total</u> QR' 000
As at December 31, 2020 (Audited)	
Letters of credit	4,450
Bank guarantees	<u>80</u>
	<u>4,530</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. Legal cases represent claims not acknowledged based on the confirmation received from the Group's lawyers.

Qatar Fertilizers 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 has submitted formal objections as per the requirement of the Income Tax Law, rejecting the full amount claimed by the GTA. As per the Income Tax Law, the GTA has 60 days' time period to conclude on the objections filed and in case of no response by the GTA, the taxpayer has option to appeal before the Tax Appeal Committee.

The Group did not receive any response on the objections filed within 60 days period, hence the Group submitted the appeal before the Tax Appeal Committee as the Group believe that it has meritorious defenses in law and fact and will to pursue each dispute through the judicial system as necessary. At present the appeal is pending for hearing and conclusion of this case.

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 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, 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 advanced discussions and correspondence between QP, on behalf of the Group, the MoF, and the GTA, it is expected that the assessments will be withdrawn.

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

During the period, the General Tax Authority ("GTA") issued income tax assessments to one of the subsidiaries, 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.

INDUSTRIES QATAR Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six-month period ended June 30, 2021

21. CONTINGENCIES (CONTINUED)

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

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, 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 advanced discussions and correspondence between QP, 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, 2021 (Reviewed)	December 31, 2020 (Audited)
	QR’ 000	QR’ 000
Property, plant and equipment	469,802	428,051

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

	QAPCO	QAFAC	Total
	QR’ 000	QR’ 000	QR’ 000
As at June 30, 2021 (Reviewed)			
Capital commitments	798,365	35,975	834,340
	QAPCO	QAFAC	Total
	QR’ 000	QR’ 000	QR’ 000
As at December 31, 2020 (Audited)			
Capital commitments	492,612	36,870	529,482

23. RESTATEMENT OF PRIOR PERIOD BALANCES

In accordance with the requirements of ‘IAS 1 Presentation of Financial Statements’, ‘IAS 8 Accounting policies, Changes in Estimates and Errors’ and ‘IFRS 3 Business Combination’, the below items have been restated as at and for the period ended June 30, 2020:

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

For the six-month period ended June 30, 2021

23. RESTATEMENT OF PRIOR PERIOD BALANCES (CONTINUED)

Reconciliation of restated and previously reported amounts in the consolidated statement of profit and loss and other comprehensive income for the period ended June 30, 2020:

	As previously reported June 30, 2020	Adjustments	As restated June 30, 2020
	<u>QR' 000</u>	<u>QR' 000</u>	<u>QR' 000</u>
<i>For the period ended June 30, 2020</i>			
Statement of profit or loss			
Revenues	3,722,546	--	3,722,546
Cost of sales	(3,286,772)	(89,123)	(3,375,895)
Gross profit	435,774	(89,123)	346,651
General and administrative expenses	(238,764)	(5,588)	(244,352)
Selling and distribution expenses	(25,691)	--	(25,691)
Share of results of investments in associates	6,726	--	6,726
Share of results of investments in joint ventures	309,170	--	309,170
Finance costs	(16,860)	3,196	(13,664)
Fair value gain and bargain purchase gain on business combination	1,172,751	236,183	1,408,934
Impairment loss on property, plant and equipment	(1,224,893)	--	(1,224,893)
Other income/expenses – net	147,513	--	147,513
Profit before tax	565,726	144,668	710,394
Income tax	(144,505)	(197)	(144,702)
Deferred tax	(18,400)	--	(18,400)
Profit after tax	402,821	144,471	547,292
Attributable to:			
Equity holders of the parent	485,256	167,549	652,805
Non-controlling interest	(82,435)	(23,078)	(105,513)
	402,821	144,471	547,292
EPS	0.08	0.03	0.11

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

For the six-month period ended June 30, 2021

23. RESTATEMENT OF PRIOR PERIOD BALANCES (CONTINUED)

Reconciliation of restated and previously reported amounts in the interim condensed consolidated statement of cash flows for the period ended June 30, 2020:

	As previously reported June 30, 2020	Adjustments	As restated June 30, 2020
	QR' 000	QR' 000	QR' 000
Operating activities			
Profit for the year before tax	565,726	144,668	710,394
Depreciation and amortization of property, plant and equipment and intangible assets	617,774	93,774	711,548
Amortisation of right-of-use assets	33,018	(4,652)	28,366
Fair value gain on business combination	(1,172,751)	(236,183)	(1,408,934)
Finance costs	16,860	(3,196)	13,664
Net cash generated from operating activities*	1,513,787	(5,589)	1,508,198
Financing activities			
Interest paid related to lease liability	(11,900)	279	(11,621)
Repayment of principal portion of lease liability	(24,727)	5,310	(19,417)
Net cash used in financing activities*	(2,458,672)	5,589	(2,453,083)

*Including line items not affected.

1. In the interim condensed consolidated financial statements of the Group for the period ended June 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 of the existing shareholding increased by QR 129 million and the fair value of property, plant and equipment increased by QR 1,766 million. As a result, an additional fair value gain of QR 129 million and a gain on bargain purchase of QR 107 million (previously a goodwill of QR 1,530 million) and related depreciation of QR 94 million were recognised.

In accordance with IAS 8, the interim condensed consolidated statement of profit and loss and other comprehensive income and interim condensed consolidated statement of cashflows for the period ended June 30, 2020 have been restated as outlined above and the other primary statements were unaffected by this restatement.

2. During the six months period ended June 30, 2020, the Group has 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.

This resulted in the reduction of the previously reported cost of sales and finance costs by QR 4.65 million QR 3.19 million, respectively, with a corresponding increase in general and administrative expenses by QR 5.58 million.

INDUSTRIES QATAR Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six-month period ended June 30, 2021

23. RESTATEMENT OF PRIOR PERIOD BALANCES (CONTINUED)

In accordance with IAS 8, the interim condensed consolidated statement of profit and loss and other comprehensive income and interim condensed consolidated statement of cashflows for the period ended June 30, 2020 have been restated as outlined above and the other primary statements were unaffected by this restatement.

24. IMPACT OF COVID-19

The COVID-19 pandemic caused slowdown in economic activities. This situation posed a range of business and financial challenges to the businesses globally and across various economic sectors in the State of Qatar.

The management have taken all necessary steps to ensure smooth and adequate continuation of its business. Based on all the assessments and after considering all the adjustments, the management of the Group is of the view that there is no material impact of COVID - 19 on the carrying amounts of assets and liabilities as at June 30, 2021.

The management has assessed the accounting implications of these interim condensed consolidated financial statements wherever applicable, including but not limited to impairment of property, plant and equipment, impairment of investments in joint ventures, associates and other assets, commitments and contingent liabilities, and going concern.

25. 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 5, 2021.