

**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, 2019**

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, 2019

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QR: 99-8

RN: 0170/BH/FY2020

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, 2019 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 a summary of significant accounting policies and other explanatory notes. 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.

Other matter

The interim condensed consolidated financial information of the Company for the six-months ended June 30, 2018 and the annual financial information for the year ended December 31, 2018 were reviewed and audited by PricewaterhouseCoopers – Qatar Branch, whose review report dated August 8, 2018, and audit report dated February 11, 2019 expressed an unmodified conclusion and opinion, respectively.



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 1, 2019**

**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, 2019

	Note	June 30, 2019 (Reviewed) QR' 000	December 31, 2018 (Audited) QR' 000
ASSETS			
Non-current assets			
Property, plant and equipment	5	3,413,010	3,437,916
Investments in associates	6	1,380,709	1,407,089
Investments in joint ventures	7	17,381,835	17,885,703
Right-of-use assets	3.1	148,819	--
Total non-current assets		<u>22,324,373</u>	<u>22,730,708</u>
Current assets			
Inventories		2,037,393	1,717,078
Trade and other receivables	8	1,185,727	1,669,172
Financial assets at fair value through profit or loss (FVTPL)	9	335,889	364,027
Fixed deposits	11(ii)	8,086,373	8,581,090
Cash and bank balances	11(i)	632,612	2,007,613
Total current assets		<u>12,277,994</u>	<u>14,338,980</u>
Total assets		<u>34,602,367</u>	<u>37,069,688</u>

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, 2019

	June 30, 2019 (Reviewed) QR' 000	December 31, 2018 (Audited) QR' 000
EQUITY AND LIABILITIES		
EQUITY		
Share capital	6,050,000	6,050,000
Legal reserve	126,824	126,824
Hedging reserve	(6,456)	602
Other reserve	15,905	15,905
Retained earnings	26,987,009	29,297,132
Total equity	33,173,282	35,490,463
LIABILITIES		
Non-current liabilities		
Lease liabilities	182,841	--
Employees' end of service benefits	208,836	205,024
Total non-current liabilities	391,677	205,024
Current liabilities		
Lease liabilities	32,338	--
Trade and other payables	1,005,070	1,374,201
Total current liabilities	1,037,408	1,374,201
Total liabilities	1,429,085	1,579,225
Total equity and liabilities	34,602,367	37,069,688

This interim condensed consolidated financial information was approved by the Board of Directors and authorised for issue on August 1, 2019 by:



Saad Sherida Al-Kaabi
Chairman and Managing Director



Mohammed Yousef Al-Mulla
Board Member

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 PROFIT OR LOSS**

For the six-month period ended June 30, 2019

	Note	For the six-month period ended June 30,	
		2019	2018
		(Reviewed)	(Reviewed)
		QR' 000	QR' 000
Revenues	12	2,313,138	3,023,201
Cost of sales		(2,188,127)	(2,398,722)
Gross profit		125,011	624,479
General and administrative expenses		(66,942)	(78,128)
Selling and distribution expenses		(31,137)	(40,693)
Share of results of investments in associates	6	82,496	(56,132)
Share of results of investments in joint ventures	7	1,104,813	1,852,312
Finance costs		(5,965)	(1,693)
Other income		251,314	209,439
Profit for the period		1,459,590	2,509,584
Earnings per share			
Basic and diluted earnings per share	13	0.24	0.41

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 PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the six-month period ended June 30, 2019

	For the six-month period ended June 30,	
	2019	2018
	(Reviewed)	(Reviewed)
	QR' 000	QR' 000
Profit for the period	<u>1,459,590</u>	<u>2,509,584</u>
Other comprehensive income/(loss)		
<i>Items that will not be reclassified subsequently to statement of profit or loss</i>		
Fair value gain on investments in equity instruments designated as at FVTOCI	--	615
<i>Items that may be reclassified subsequently to statement of profit or loss</i>		
Share of other comprehensive (loss)/income of associates	<u>(7,058)</u>	<u>1,590</u>
Other comprehensive (loss)/income for the period	<u>(7,058)</u>	<u>2,205</u>
Total comprehensive income for the period	<u><u>1,452,532</u></u>	<u><u>2,511,789</u></u>

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 CHANGES IN EQUITY

For the six-month period ended June 30, 2019

	Share capital QR' 000	Legal reserve QR' 000	Fair value reserve QR' 000	Hedging reserve QR' 000	Other reserves QR' 000	Retained earnings QR' 000	Total equity QR' 000
Balance as at December 31, 2018 (Audited)	6,050,000	126,824	--	602	15,905	29,297,132	35,490,463
Impact of adopting IFRS 16 (Note 3.1)	--	--	--	--	--	(139,713)	(139,713)
Balance at January 1, 2019 – restated	6,050,000	126,824	--	602	15,905	29,157,419	35,350,750
Profit for the six months	--	--	--	--	--	1,459,590	1,459,590
Other comprehensive loss	--	--	--	(7,058)	--	--	(7,058)
Total comprehensive income for the six months	--	--	--	(7,058)	--	1,459,590	1,452,532
<i>Transaction with owners</i>							
Dividends declared (Note 14)	--	--	--	--	--	(3,630,000)	(3,630,000)
Balance at June 30, 2019 (Reviewed)	6,050,000	126,824	--	(6,456)	15,905	26,987,009	33,173,282
Balance at December 31, 2017 (Audited)	6,050,000	94,863	232,941	(747)	--	27,861,591	34,238,648
Impact of application of IFRS 9	--	--	(231,536)	--	--	203,410	(28,126)
Balance at January 1, 2018 – restated	6,050,000	94,863	1,405	(747)	--	28,065,001	34,210,522
Profit for the six months	--	--	--	--	--	2,509,584	2,509,584
Other comprehensive income	--	--	615	1,590	--	--	2,205
Total comprehensive income for the six months	--	--	615	1,590	--	2,509,584	2,511,789
<i>Transaction with owners</i>							
Dividends declared (Note 14)	--	--	--	--	--	(3,025,000)	(3,025,000)
Balance at June 30, 2018 (Reviewed)	6,050,000	94,863	2,020	843	--	27,549,585	33,697,311

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

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

For the six-month period ended June 30, 2019

	Note	For the six-month period ended June 30,	
		2019	2018
		(Reviewed) QR' 000	(Reviewed) QR' 000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1,459,590	2,509,584
<i>Adjustments for:</i>			
Depreciation and amortisation	5	119,546	118,065
Amortisation of right-of-use assets		16,315	--
Movement in provision for employees' end of service benefits		3,812	1,379
Share of results of investments in associates	6	(82,496)	56,132
Share of results of investments in joint ventures	7	(1,104,813)	(1,852,312)
Loss on disposal of property, plant and equipment		1,147	1,946
Finance costs		5,965	1,693
Interest income		(189,013)	(132,701)
Gain on disposal of financial assets at fair value through profit or loss		--	(5,703)
Fair value loss/(gain) on financial assets at fair value through profit or loss		28,138	(13,824)
Dividends received from financial assets at fair value through profit or loss		(15,455)	(26,397)
Cash flow from operating activities before changes in working capital		242,736	657,862
Movements in working capital			
Inventories		(320,315)	56,505
Trade and other receivables		61,105	102,218
Trade and other payables		(258,411)	(47,005)
Cash (used in)/generated by operating activities		(274,885)	769,580
Payment of contribution to social and sports fund		(124,919)	(83,709)
Net cash (used in)/generated by operating activities		(399,804)	685,871

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

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

For the six-month period ended June 30, 2019

	Note	For the six-month period ended June 30,	
		2019	2018
		(Reviewed) QR' 000	(Reviewed) QR' 000
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	5	(95,787)	(76,287)
Movement in fixed deposits		494,717	2,404,675
Proceeds from sale of financial assets at fair value through profit or loss		--	192,019
Dividends received from financial assets at fair value through profit or loss		15,455	26,397
Dividends received from investments in joint ventures		1,880,926	2,111,727
Dividends received from investment in associate		3,500	16,156
Interest income received		266,159	136,615
Receipt of loan given to investment accounted for using the equity method		98,318	--
Net cash generated by investing activities		2,663,288	4,811,302
CASH FLOWS FROM FINANCING ACTIVITIES			
Finance costs paid		(5,965)	(1,693)
Payment of lease liability		(16,718)	--
Repayment of borrowings		--	(225,758)
Movement in unclaimed dividend bank accounts		(14,196)	(22,392)
Dividends paid		(3,615,803)	(3,002,608)
Net cash used in financing activities		(3,652,682)	(3,252,451)
Net (decrease)/increase in cash and cash equivalents		(1,389,198)	2,244,722
Cash and cash equivalents at January 1		1,883,715	631,134
Cash and cash equivalents at June 30	11(i)	494,517	2,875,856

During the period, the Group entered into non-cash activities which are not reflected in the statement of cash flows (Note 19).

INDUSTRIES QATAR Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six-month period ended June 30, 2019

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 16. 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%

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 Fertiliser Company P.S.C. (“QAFCO”)	Joint venture	State of Qatar	75%
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%

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six-months ended June 30, 2019 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.

INDUSTRIES QATAR Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six-month period ended June 30, 2019

2. BASIS OF PREPARATION (CONTINUED)

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, 2018. In addition, results for the six-month period ended June 30, 2019 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2019.

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, 2018, except as mentioned in Note 4.

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, 2018, and the notes attached thereto, except for the adoption of certain new and revised standards, that became effective in the current period as set out below.

3.1 New and amended standards adopted by the Group

The Group adopted IFRS 16 'Leases' which replaces the existing guidance on leases, including IAS 17 "Leases", IFRIC 4 "Determining whether an Arrangement contains a Lease", SIC 15 "Operating Leases – Incentives" and SIC 27 "Evaluating the Substance of Transactions in the Legal Form of a Lease".

IFRS 16 was issued in January 2016 and is effective for annual periods commencing on or after January 1, 2019. IFRS 16 stipulates that all leases and the associated contractual rights and obligations should generally be recognize in the Group's financial position, unless the term is 12 months or less or the lease for low value asset. Thus, the classification required under IAS 17 "Leases" into operating or finance leases is eliminated for Lessees. For each lease, the lessee recognizes a liability for the lease obligations incurred in the future. Correspondingly, a right to use the leased asset is capitalized, which is generally equivalent to the present value of the future lease payments plus directly attributable costs. This right to use asset is amortized over the useful life.

The Group has opted for the modified retrospective application permitted by IFRS 16 upon adoption of the new standard. During the first time application of IFRS 16 to operating leases, the right to use the leased assets is generally measured at the amount of lease liability, using the interest rate at the time of first time application. IFRS 16 transition disclosures also requires the Group to present a reconciliation from the off-balance sheet lease obligations as of December 31, 2018 to the recognized the lease liabilities as of January 1, 2019, as follows.

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

For the six-month period ended June 30, 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**3.1 New and amended standards adopted by the Group (continued)**

	<u>QR' 000</u>
Operating lease commitments disclosed as at December 31, 2018 (Audited)	168,164
Add: other adjustments	63,733
Lease liability recognised as at January 1, 2019 (Reviewed)	231,897
Of which are:	
Current lease liabilities	32,338
Non-current lease liabilities	199,559
	<u>231,897</u>

The associated right-of-use assets for property leases were measured on a retrospective basis as if the new rules had always been applied. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised net book value of right-of-use assets relate to the following types of assets:

	June 30, 2019 (Reviewed)	January 1, 2019 (Reviewed)
	<u>QR' 000</u>	<u>QR' 000</u>
Land and buildings	91,400	94,267
Equipment	57,419	70,867
Total right-of-use assets	148,819	165,134

The change in accounting policy affected the following items in the statement of financial position on January 1, 2019 (in QR' 000s):

- right-of-use assets – increase by QR 165,134
- lease liabilities – increase by QR 231,897
- investment in joint ventures / associates – decreased by QR 72,950

The net impact on retained earnings on January 1, 2019 was a decrease of QR 139,713.

INDUSTRIES QATAR Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six-month period ended June 30, 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 New and amended standards adopted by the Group (continued)

The Group's leasing activities and how these are accounted for:

The Group leases various land, offices, staff accommodation, equipment and buses. Rental contracts are typically made for fixed periods but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From January 1, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

INDUSTRIES QATAR Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six-month period ended June 30, 2019

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 New and amended standards adopted by the Group (continued)

Practical expedient

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 Determining whether an Arrangement contains a Lease.

3.2 Revised standards

Effective for annual periods beginning on or after January 1, 2019

Amendments to IFRS 9 Prepayment Features with Negative Compensation and Modification of financial liabilities

Amendments to IAS 28 Investment in Associates and Joint Ventures: Relating to long-term interests in associates and joint ventures.

Annual Improvements to IFRSs 2015-2017 Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs

Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement

IFRIC 23 Uncertainty over Income Tax Treatments

3.3 New and revised standards and interpretations but not yet effective

Effective for annual periods beginning on or after January 1, 2020

Amendments regarding the definition of material

Amendments to clarify the definition of a business

IFRS 17: Insurance Contracts

Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.

Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.

4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The critical judgements and estimates used in the preparation of these 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, 2018 except for the changes highlighted below:

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

Variable lease payments

Lease arrangements where the Group is a lessee that contain variable lease payment terms linked to future use of the underlying assets have not been included in the lease liabilities as there is a wide range of possible utilisation of the said underlying assets. Variable lease payments that depend on future use are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

Discounting of lease payments

The lease payments are discounted using the Group's incremental borrowing rate ("IBR"). Management has applied judgments and estimates to determine the IBR at the commencement of lease.

Site restoration obligation

As required by IAS 37, the Group assess whether the following criteria are met to recognise provisions:

- whether the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and;
- a reliable estimate can be made of the amount of the obligation.

The Group may be required under a lease agreement to make payments for site restoration at the option of the lessor. It has been assessed that the option given to the lessor makes it more likely to acquire the plant from the Group rather than requiring restoration of the site. Therefore, the criteria to recognise provision for restoration obligation is not fully met and no provision has been recognised in this interim condensed financial information.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instruments as at FVTPL.

INDUSTRIES QATAR Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six-month period ended June 30, 2019

**4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY
(CONTINUED)**

Financial assets at FVTPL (continued)

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item.

Measurement of loss potential liabilities related to financial guarantee

When measuring the potential liability related to financial guarantees given by the Group to lenders for providing a loan to one of their associates, management have considered the terms and conditions of the financial guarantees signed with the lenders. Based on the assessment performed, management have considered the Group's exposure to be limited towards these financial guarantees to its share of outstanding loans as at reporting date.

INDUSTRIES QATAR Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six-month period ended June 30, 2019

5. PROPERTY, PLANT AND EQUIPMENT

	Building QR' 000	Plant machinery and equipment QR' 000	Furniture and fixtures QR' 000	Capital work in progress QR' 000	Total QR' 000
At December 31, 2018 (Audited):					
Cost	736,400	5,959,626	104,498	91,332	6,891,856
Accumulated depreciation	(405,940)	(2,963,064)	(84,936)	--	(3,453,940)
Net book value	330,460	2,996,562	19,562	91,332	3,437,916
Six-months period ended June 30, 2019					
(Reviewed):					
Opening net book value	330,460	2,996,562	19,562	91,332	3,437,916
Additions	--	--	--	95,787	95,787
Transfers	663	39,422	1,448	(41,533)	--
Disposals	--	(1,147)	--	--	(1,147)
Depreciation charge	(11,981)	(104,387)	(3,178)	--	(119,546)
Closing net book value	319,142	2,930,450	17,832	145,586	3,413,010
At June 30, 2019 (Reviewed)					
Cost	737,063	5,997,901	105,946	145,586	6,986,496
Accumulated depreciation	(417,921)	(3,067,451)	(88,114)	--	(3,573,486)
Net book value	319,142	2,930,450	17,832	145,586	3,413,010

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

For the six-month period ended June 30, 2019

6. INVESTMENTS IN ASSOCIATES

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

Name of associate	Principal activity	Place of incorporation and operation	Effective ownership %	
			June 30, 2019 (Reviewed)	December 31, 2018 (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%

- 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, 2018 and June 30, 2019. The share of results of SOLB Steel Company during the period was QR nil (June 30, 2018: loss amounting to QR 81.3 million).

Foulath Holding B.S.C.

	June 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	QR' 000	QR' 000
Current assets	4,239,565	3,280,096
Non-current assets	5,863,258	5,684,220
Current liabilities	(3,270,654)	(2,037,808)
Non-current liabilities	(2,992,674)	(2,989,408)
Net assets	3,839,495	3,937,100
Group's share of associate's net assets	959,874	984,275
Impairment	(270,000)	(270,000)
Goodwill	684,804	684,804
Other adjustments	(6,850)	(7,111)
Carrying amount of the investment	1,367,828	1,391,968
	For the six-month period ended June 30,	
	2019 (Reviewed)	2018 (Reviewed)
	QR' 000	QR' 000
Group's share of associate's revenue and results:		
Revenues	842,647	536,953
Share of results	81,237	21,474

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six-month period ended June 30, 2019

6. INVESTMENTS IN ASSOCIATES (CONTINUED)

Qatar Metals Coating Company W.L.L.	June 30, 2019 (Reviewed) QR' 000	December 31, 2018 (Audited) QR' 000
Current assets	57,795	55,756
Non-current assets	12,349	11,688
Current liabilities	(17,170)	(10,655)
Non-current liabilities	(2,359)	(1,067)
Net assets	50,615	55,722
Group's share of associate's net assets	25,308	27,861
Other adjustments	(12,427)	(12,740)
Carrying amount of the investment	12,881	15,121
	For the six-month period ended June 30,	
	2019 (Reviewed) QR' 000	2018 (Reviewed) QR' 000
Group's share of associate's revenue and results:		
Revenues	22,994	32,880
Share of results	1,259	3,696

7. 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, 2019 (Reviewed) QR' 000	December 31, 2018 (Audited) QR' 000
QAPCO	Petrochemical	Qatar	80%	80%
QAFCO	Fertiliser	Qatar	75%	75%
QAFAC	Petrochemical	Qatar	50%	50%
QAPCO			June 30, 2019 (Reviewed) QR' 000	December 31, 2018 (Audited) QR' 000
Current assets			2,007,873	2,095,353
Non-current assets			7,154,055	6,883,648
Current liabilities			(690,661)	(1,147,800)
Non-current liabilities			(541,760)	(261,113)
Net assets			7,929,507	7,570,088
Carrying amount of the investment			6,343,606	6,056,070

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

For the six-month period ended June 30, 2019

7. INVESTMENTS IN JOINT VENTURES (CONTINUED)**QAPCO (CONTINUED)**

	For the six-month period ended June 30,	
	2019	2018
	(Reviewed)	(Reviewed)
	QR' 000	QR' 000
Group's share of joint venture's revenue and results:		
Revenues	<u>1,192,763</u>	<u>1,529,954</u>
Share of results	<u>622,972</u>	<u>1,099,527</u>

QAFCO

	June 30,	December 31,
	2019	2018
	(Reviewed)	(Audited)
	QR' 000	QR' 000
Current assets	<u>3,043,422</u>	<u>3,671,415</u>
Non-current assets	<u>11,891,434</u>	<u>12,073,859</u>
Current liabilities	<u>(711,960)</u>	<u>(883,478)</u>
Non-current liabilities	<u>(501,347)</u>	<u>(295,366)</u>
Non-controlling interest	<u>(150,896)</u>	<u>(211,045)</u>
Net assets	<u>13,570,653</u>	<u>14,355,385</u>
Carrying amount of the investment	<u>10,177,990</u>	<u>10,766,538</u>

	For the six-month period ended June 30,	
	2019	2018
	(Reviewed)	(Reviewed)
	QR' 000	QR' 000
Group's share of joint venture's revenue and results:		
Revenues	<u>2,141,834</u>	<u>2,163,221</u>
Share of results	<u>437,853</u>	<u>467,627</u>

QAFAC

	June 30,	December 31,
	2019	2018
	(Reviewed)	(Audited)
	QR' 000	QR' 000
Current assets	<u>652,259</u>	<u>1,176,965</u>
Non-current assets	<u>1,389,850</u>	<u>1,223,997</u>
Current liabilities	<u>(328,331)</u>	<u>(650,876)</u>
Non-current liabilities	<u>(194,133)</u>	<u>(207,348)</u>
Net assets	<u>1,519,645</u>	<u>1,542,738</u>
Group's share of joint venture's net assets	<u>759,823</u>	<u>771,369</u>
Tax adjustments	<u>100,416</u>	<u>291,726</u>
Carrying amount of the investment	<u>860,239</u>	<u>1,063,095</u>

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

For the six-month period ended June 30, 2019

7. INVESTMENTS IN JOINT VENTURES (CONTINUED)**QAFAC (CONTINUED)**

	For the six-month period ended June 30,	
	2019	2018
	(Reviewed)	(Reviewed)
	QR' 000	QR' 000
Group's share of joint venture's revenue and results:		
Revenues	<u>401,172</u>	<u>670,620</u>
Share of results	<u>43,988</u>	<u>285,158</u>

8. TRADE AND OTHER RECEIVABLES

	June 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	QR' 000	QR' 000
Trade accounts receivable at amortized cost	134,201	105,190
Due from related parties (Note 10)	326,197	664,636
Advances to suppliers	33,432	63,234
Prepayments	16,045	35,657
Loans to employees	87,046	80,659
Accrued interest	110,952	188,098
Other receivables	<u>19,607</u>	<u>18,477</u>
	727,480	1,155,951
Less: loss allowance (i)	<u>(54,068)</u>	<u>(54,068)</u>
	673,412	1,101,883
Trade accounts receivable measured at fair value (Note 10.2)	<u>512,315</u>	<u>567,289</u>
	1,185,727	1,669,172

- i) The Group has recorded loss allowance on trade accounts receivable and due from related parties amounting to QR 0.41 million (2018: QR 0.41 million) and QR 53.65 million (2018: QR 53.65 million) (Note 10.2), respectively. No interest is charged on outstanding trade receivables.

	June 30, 2019 (Reviewed)	December 31, 2018 (Audited)
	QR' 000	QR' 000
Balance as at January 1,	54,068	53,317
Net remeasurement of loss allowance	<u>--</u>	<u>751</u>
Balance as at June 30,	54,068	54,068

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

For the six-month period ended June 30, 2019

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

	June 30, 2019 (Reviewed) QR' 000	December 31, 2018 (Audited) QR' 000
Balance at the beginning of the period	364,027	3,585
Reclassify investments from available-for-sale to FVTPL	--	533,890
Adjusted balance at the beginning of the period	364,027	537,475
Disposal	--	(187,794)
(Decrease)/increase in fair value	(28,138)	14,346
Balance at the end of the period	<u>335,889</u>	<u>364,027</u>

10. RELATED PARTIES**10.1 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, 2019 (Reviewed) QR' 000	June 30, 2018 (Reviewed) QR' 000
Sales of goods and services		
<i>Associates and their subsidiaries</i>		
Qatar Metals Coating Company W.L.L	37,919	47,331
<i>Ultimate Parent</i>		
Qatar Petroleum	1,912	--
<i>Entities under common control</i>		
Gasal Company Q.S.C.	27	27
Qatar Chemical and Petrochemical Marketing and Distribution Company (Muntajat) Q.J.S.C.	1,677,201	587,479
	<u>1,717,059</u>	<u>634,837</u>

INDUSTRIES QATAR Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six-month period ended June 30, 2019

10. RELATED PARTIES (CONTINUED)**10.1 RELATED PARTIES TRANSACTIONS (CONTINUED)**

	June 30, 2019 (Reviewed) QR' 000	June 30, 2018 (Reviewed) QR' 000
Purchases of goods and services		
<i>Ultimate Parent</i>		
Qatar Petroleum	66,777	68,348
<i>Joint ventures</i>		
QAFCO	204	236
QAPCO	610	519
	814	755
<i>Entities under common control</i>		
Gasal Company Q.S.C.	29,009	29,845
Qatar Chemical and Petrochemical Marketing and Distribution Company (Muntajat) Q.J.S.C	850	--
Qatar Fuel Company (WOQOD) Q.P.S.C	5,622	4,334
	35,481	34,179
	103,072	103,282

10.2 RELATED PARTIES BALANCES

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

	June 30, 2019 (Reviewed) QR' 000	December 31, 2018 (Audited) QR' 000
Receivables from related parties		
Measured at amortised cost:		
<i>Joint venture</i>		
QAPCO	256,800	601,994
<i>Associates and their subsidiaries</i>		
Qatar Metals Coating Company W.L.L.	15,743	8,988
SOLB Steel Company	53,614	53,614
SULB Company B.S.C.	40	40
	326,197	664,636
Less: loss allowance (i)	(53,654)	(53,654)
	272,543	610,982
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.	512,315	567,289
	784,858	1,178,271

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

For the six-month period ended June 30, 2019

10. RELATED PARTIES (CONTINUED)**10.2 RELATED PARTIES BALANCES (CONTINUED)**

	June 30, 2019 (Reviewed) QR' 000	December 31, 2018 (Audited) QR' 000
Payables to related parties		
<i>Ultimate parent</i>		
Qatar Petroleum	15,985	21,186
<i>Associate</i>		
Bahrain Steel BSC	150	18,208
<i>Entities under common control</i>		
Gasal Company Q.S.C.	2,167	7,371
Qatar Fuel Company (WOQOD) Q.P.S.C	186	149
	<u>2,353</u>	<u>7,520</u>
	<u>18,488</u>	<u>46,914</u>

- i. Loss allowance represents impairment charged against old outstanding receivables from SOLB Steel Company due to liquidity conditions of the associate. The management believes that the pattern of repayment of this balance in the past suggests that it may take considerable time until collected. Therefore, recovery of any amount in future will be recognised as reversal of impairment provisions.

10.3 GUARANTEES WITH RELATED PARTIES

The Group has provided financial guarantees for its associates in respect of their borrowings from external banks. Total guarantees at the end of the period amounted to QR 527 million (December 31, 2018: QR 551 million).

10.4 COMPENSATION OF KEY MANAGEMENT PERSONNEL

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

	June 30, 2019 (Reviewed) QR' 000	June 30, 2018 (Reviewed) QR' 000
Board of Directors' sitting fees	4,650	4,844
Short term benefits to key management personnel	8,505	8,505
	<u>13,155</u>	<u>13,349</u>

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

For the six-month period ended June 30, 2019

11. CASH AND BANK BALANCES

	June 30, 2019 (Reviewed) QR' 000	December 31, 2018 (Audited) QR' 000
Cash and bank balances	632,612	2,007,613
Fixed deposits	8,086,373	8,581,090
	<u>8,718,985</u>	<u>10,588,703</u>

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

	June 30, 2019 (Reviewed) QR' 000	December 31, 2018 (Audited) QR' 000
Cash and bank balances	632,612	2,007,613
Less: Dividend accounts	(138,095)	(123,898)
Cash and cash equivalents	<u>494,517</u>	<u>1,883,715</u>

- ii) As at June 30, 2019, fixed deposits with maturities great than 90 days amounted to QR 8,086 million (December 31, 2018: QR 8,581 million). Fixed deposits are held with banks and denominated in Qatari Riyals with an average effective interest rate of 4.06% (December 31, 2018: 4.02%).

Further, fixed deposits include restricted cash placed with banks amounting to QR 38 million (December 31, 2018: QR 86 million) against a guarantee issued in favour of one of the Group's associates.

12. REVENUES

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

	June 30, 2019 (Reviewed) QR' 000	June 30, 2018 (Reviewed) QR' 000
Disaggregation of revenue – at a point in time		
Bar sales	1,907,548	2,183,652
Billet sales	247,445	720,344
Coil sales	158,145	119,205
	<u>2,313,138</u>	<u>3,023,201</u>

INDUSTRIES QATAR Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six-month period ended June 30, 2019

13. BASIC AND DILUTED EARNINGS PER SHARE

In line with the instructions of the Qatar Financial Markets Authority (QFMA), the Board of Directors approved the stock split of its ordinary shares' par value from QR 10 to QR 1 per share, and the amendments of the Company's Article of Association at the Group's Extraordinary General Meeting held on March 5, 2019. The stock split was exercised on June 25, 2019 and the total number of shares were increased from 605,000,000 to 6,050,000,000 ordinary shares. Consequently, earnings per share for comparative periods has been restated to reflect this.

Basic earnings per share are calculated by dividing the profit attributable to the equity holders for the period by the weighted average number of shares outstanding during the period as follows:

	For the six-month ended June 30,	
	2019	2018
	(Reviewed)	(Reviewed)
Profit for the period (QR' 000)	<u>1,459,590</u>	<u>2,509,584</u>
Weighted average number of shares outstanding during the period (2018: Restated) (in thousands)	<u>6,050,000</u>	<u>6,050,000</u>
Basic and diluted earnings per share (expressed in QR per share) (2018: Restated)	<u>0.24</u>	<u>0.41</u>

The basic and diluted earnings per share are the same as the Group has not issued any instruments that would impact the earnings per share when exercised.

14. DIVIDENDS

During the period, cash dividends of QR 6 per share amounting to QR 3,630 million relating to 2018 were approved by the shareholders at the Annual General Assembly Meeting held on March 5, 2019 (December 31, 2018: QR 5 per share amounting to QR 3,025 million relating to 2017).

15. 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: 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, 2019 and December 31, 2018.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six-month period ended June 30, 2019

15. FINANCIAL INSTRUMENTS (CONTINUED)

	Financial assets		Hierarchy levels		
	FVTPL	1	2	3	Total
	QR' 000	QR' 000	QR' 000	QR' 000	QR' 000
June 30, 2019 (Reviewed)					
Financial assets at fair value through profit or loss (FVTPL) (Note 9)	335,889	335,889	--	--	335,889
Trade accounts receivable measured at fair value (Note 10.2)	512,315	--	512,315	--	512,315
December 31, 2018 (Audited)					
Financial assets at fair value through profit or loss (FVTPL) (Note 9)	364,027	364,027	--	--	364,027
Trade accounts receivable measured at fair value (Note 10.2)	567,289	--	567,289	--	567,289

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 Company 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.

Valuation techniques and assumptions applied for the purposes of measuring fair value.

Fair value measurements recognised in the statement of financial position

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, 2019 (Reviewed)	December 31, 2018 (Audited)	June 30, 2019 (Reviewed)	December 31, 2018 (Audited)	
	QR' 000	QR' 000	QR' 000	QR' 000	
Financial assets at fair value through profit or loss (FVTPL) (Note 9)	335,889	364,027	335,889	364,027	Level 1
Trade accounts receivable measured at fair value (Note 10.2)	512,315	567,289	512,315	567,289	Level 2

Management consider that the carrying amounts of financial assets and financial liabilities recognised in these interim condensed 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, 2019

16. 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 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 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.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six-month period ended June 30, 2019

16. SEGMENT INFORMATION (CONTINUED)

The information of petrochemical and fertiliser segments represents those of the joint ventures of the Group.

Operating segments:

The following table present revenue and profit information regarding the Group's operating segments for the six month period ended June 30, 2019 and 2018:

For the six month period ended June 30, 2019 (reviewed)

	Petrochemicals QR' 000	Fertilisers QR' 000	Steel QR' 000	Combined QR' 000	Adjustments and Elimination QR' 000	Consolidated QR' 000
Revenue						
External customers	1,593,935	2,141,834	2,313,138	6,048,907	(3,735,769)	2,313,138
Inter-segment revenue	--	--	--	--	--	--
Total revenue	1,593,935	2,141,834	2,313,138	6,048,907	(3,735,769)	2,313,138

	Petrochemicals QR' 000	Fertilisers QR' 000	Steel QR' 000	Combined QR' 000	Adjustments and Elimination QR' 000	Consolidated QR' 000
Results						
Segment profit before tax	666,960	437,853	146,970	1,251,783	207,807	1,459,590
Depreciation and amortisation	200,605	395,147	135,861	731,613	(595,752)	135,861
Finance costs	4,423	5,096	5,965	15,484	(9,519)	5,965

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six-month period ended June 30, 2019

16. SEGMENT INFORMATION (CONTINUED)

Operating segments (continued)

For the six month period ended June 30, 2018 (reviewed)

	Petrochemicals	Fertilisers	Steel	Combined	Adjustments and	Consolidated
	QR' 000	QR' 000	QR' 000	QR' 000	Elimination	QR' 000
Revenue						
External customers	2,200,574	2,163,221	3,023,201	7,386,996	4,363,795	3,023,201
Inter-segment revenue	--	--	--	--	--	--
Total revenue	2,200,574	2,163,221	3,023,201	7,386,996	4,363,795	3,023,201

	Petrochemicals	Fertilisers	Steel	Combined	Adjustments and	Consolidated
	QR' 000	QR' 000	QR' 000	QR' 000	Elimination	QR' 000
Results						
Segment profit before tax	1,384,685	467,627	496,031	2,348,343	161,241	2,509,584
Depreciation and amortisation	177,775	380,027	118,065	675,867	(557,802)	118,065
Finance costs	966	--	1,693	2,659	(966)	1,693

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, 2019

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

Revenues of approximately QR 5,362 million (December 31, 2018: QR 4,951 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 Steel segment's revenues in the six-month period 2019, 74% is made in Qatar (2018: 53%), 16% is made in UAE (2018: 14%) 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, 2019 and December 31, 2018.

Segment assets	Adjustments and				Total
	Petrochemicals	Fertilisers	Steel	eliminations	
	QR' 000	QR' 000	QR' 000	QR' 000	QR' 000
At June 30, 2019					
(Reviewed)	8,350,596	11,201,141	8,422,444	6,628,186	34,602,367
At December 31, 2018					
(Audited)	8,383,682	11,808,956	8,879,183	7,997,867	37,069,688

17. 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, 2019 (Reviewed) QR' 000	December 31, 2018 (Audited) QR' 000
Financial guarantees	37,507	61,177
Letters of credit	315	68,908
Bank guarantees	4,246	4,246
Legal cases	29,790	30,614

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

	QAPCO QR' 000	QAFCO QR' 000	Total QR' 000
As of June 30, 2019 (Reviewed)			
Bank guarantees	4,450	397	4,847
Letters of credit	80	75	155
Donations to Qatar University	--	7,500	7,500
	4,530	7,972	12,502

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

For the six-month period ended June 30, 2019

17. CONTINGENCIES (CONTINUED)

	<u>QAPCO</u> QR' 000	<u>QAFCO</u> QR' 000	<u>Total</u> QR' 000
As of December 31, 2018 (Audited)			
Letters of credit	10,594	152	10,746
Bank guarantees	80	365	445
Donations to Qatar University	--	7,500	7,500
	<u>10,674</u>	<u>8,017</u>	<u>18,691</u>

As discussed in note 3, 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.

Site restoration obligations

The main entities composing the Group (Qatar Steel, QAFAC, QAFCO and QAPCO) are parties to land lease agreements with Qatar Petroleum, the ultimate parent company, for the purpose of installing and operating their plants at Mesaieed area. The lease period for these entities of the Group are as follows:

	<u>Start of the lease</u>	<u>Expiry of the lease</u>
Qatar Steel Q.P.S.C.	2005	2030
QAFAC	2002	2024
QAFCO		
Lease 1	2009	2029
Lease 2	2007	2032
QAPCO	2005	2030

Under the lease agreements, the lessor has the right, upon termination or expiration of the lease term, to notify the lessee that it requires to either:

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

The incurrence of site restoration costs by the Group is contingent to which option is elected by the lessor. However, it has been assessed by Group management that it is more likely for the lessor to opt not to request the Group entities to restore leased lands to their original condition when they were delivered to the Group entities.

As required by IAS 37, the Group assesses whether the following criteria is met to recognise provisions:

- whether the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

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

For the six-month period ended June 30, 2019

17. CONTINGENCIES (CONTINUED)**Site restoration obligations (continued)**

As at June 30, 2019 and December 31, 2018, no provision has been recognised for its restoration obligations.

18. 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, 2019 (Reviewed) QR' 000	December 31, 2018 (Audited) QR' 000
Property, plant and equipment	<u>88,306</u>	<u>113,961</u>

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

	QAPCO QR' 000	QAFAC QR' 000	QAFCO QR' 000	Total QR' 000
As of June 30, 2019 (Reviewed)				
Capital commitments	<u>349,014</u>	<u>56,802</u>	<u>233,650</u>	<u>639,466</u>
As of December 31, 2018 (Audited)				
Capital commitments	<u>262,239</u>	<u>70,035</u>	<u>222,031</u>	<u>554,305</u>

19. NOTES TO STATEMENT OF CASH FLOWS

During the year, the Group adopted IFRS 16 and recognized right of use assets amounting to QR 165.13 million, lease liability amounting to QR 231.90 million, a decrease in investments in joint ventures amounting to QR 72.95 million and cumulative effect on retained earnings amounting to QR 139.71 million. These non-cash activities are not reflected in the statement of cash flows.

20. APPROVAL OF INTERIM CONDENSED FINANCIAL INFORMATION

This interim condensed financial information was approved by the Board of Directors and authorised for issue on August 1, 2019.