

**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, 2023**

**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, 2023

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QR: 99-8

RN: 129/SM/FY2024

## 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 referred to as the "Group") as at June 30, 2023 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 8, 2023**

**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, 2023

	Notes	June 30, 2023 (Reviewed) QR' 000	December 31, 2022 (Audited) QR' 000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	11,951,439	11,685,109
Capital project advances	5	192,374	192,374
Investments in associates	6	1,628,298	1,890,060
Investments in joint ventures	7	6,925,662	7,096,559
Deemed investment	8	55,444	35,060
Right-of-use assets	9	256,903	205,372
Intangible asset - license fee		1,540	1,602
<b>Total non-current assets</b>		<b>21,011,660</b>	<b>21,106,136</b>
<b>Current assets</b>			
Inventories	10	2,278,194	3,104,908
Trade and other receivables	11	1,804,956	3,477,382
Financial assets at fair value through profit or loss	13	411,724	397,118
Cash and bank balances	14	3,844,988	9,735,354
Fixed deposits	14(ii)	9,787,964	7,183,864
		<b>18,127,826</b>	<b>23,898,626</b>
Assets classified as held for sale	7	886,930	--
		<b>19,014,756</b>	<b>23,898,626</b>
<b>Total assets</b>		<b>40,026,416</b>	<b>45,004,762</b>



*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, 2023

	Notes	June 30, 2023 (Reviewed) QR' 000	December 31, 2022 (Audited) QR' 000
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital		6,050,000	6,050,000
Legal reserve		271,059	271,059
Hedging reserve		(3,608)	(8,156)
Other reserve		(49,728)	(49,728)
Retained earnings		<u>31,176,920</u>	<u>35,739,722</u>
<b>Equity attributable to equity holders of the parent</b>		<b>37,444,643</b>	<b>42,002,897</b>
Non-controlling interest		<u>17,483</u>	<u>16,651</u>
<b>Total equity</b>		<b><u>37,462,126</u></b>	<b><u>42,019,548</u></b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Lease liabilities	9	332,344	295,247
Employees' end of service benefits	15	<u>465,170</u>	<u>465,977</u>
<b>Total non-current liabilities</b>		<b><u>797,514</u></b>	<b><u>761,224</u></b>
<b>Current liabilities</b>			
Trade and other payables	16	1,722,344	2,132,188
Lease liabilities	9	42,905	91,012
Income tax payable	17	<u>1,527</u>	<u>790</u>
<b>Total current liabilities</b>		<b><u>1,766,776</u></b>	<b><u>2,223,990</u></b>
<b>Total liabilities</b>		<b><u>2,564,290</u></b>	<b><u>2,985,214</u></b>
<b>Total equity and liabilities</b>		<b><u>40,026,416</u></b>	<b><u>45,004,762</u></b>

These interim condensed financial information's were prepared by the Company and approved and authorized for issue by the Board of Directors on August 8, 2023 and signed on their behalf by:



**Abdulrahman Mohamed F. Al-Suwaidi**  
Board Member



**Abdulrahman Ali Al-Abdulla**  
Board Member



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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

For the six-month period ended June 30, 2023

	Notes	For the six-month period ended June 30,	
		2023	2022
		(Reviewed) QR' 000	(Reviewed) QR' 000
<b>Continuing operations</b>			
Revenues	18	6,101,813	10,411,740
Cost of sales	19	(5,006,141)	(6,468,371)
<b>Gross profit</b>		<b>1,095,672</b>	<b>3,943,369</b>
General and administrative expenses		(338,591)	(328,578)
Selling and distribution expenses		(40,570)	(35,029)
Share of results of investments in associates	6	154,962	155,807
Share of results of investment in a joint venture	7	576,460	1,160,249
Finance costs		(14,440)	(11,316)
Other income – net		407,941	204,710
<b>Profit before tax from continuing operations</b>		<b>1,841,434</b>	<b>5,089,212</b>
Income tax	17	(853)	(148)
<b>Profit for the period from continuing operations</b>		<b>1,840,581</b>	<b>5,089,064</b>
<b>Discontinued operations</b>			
Profit for the period from discontinued operations	20	249,028	343,399
<b>Profit for the period</b>		<b>2,089,609</b>	<b>5,432,463</b>
<b>Attributable to:</b>			
Equity holders of the parent		2,088,087	5,432,251
Non-controlling interest		1,522	212
		<b>2,089,609</b>	<b>5,432,463</b>
<b>Earnings per share</b>			
<b>Basic and diluted earnings (QR per share):</b>			
From continuing operations	21	0.30	0.84
From continuing and discontinued operations	21	0.35	0.90



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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, 2023

	Notes	For the six-month period ended June 30,	
		2023	2022
		(Reviewed)	(Reviewed)
		QR' 000	QR' 000
Profit for the period		<u>2,089,609</u>	<u>5,432,463</u>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to statement of profit or loss</i>			
Share of other comprehensive income of associates	6	4,548	7,280
Total comprehensive income for the period		<u>2,094,157</u>	<u>5,439,743</u>
<b>Attributable to:</b>			
Equity holders of the parent		2,092,635	5,439,531
Non-controlling interest		1,522	212
		<u>2,094,157</u>	<u>5,439,743</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, 2023

	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
<b>Balance as at January 1, 2023</b> <b>(Audited)</b>	<b>6,050,000</b>	<b>271,059</b>	<b>(8,156)</b>	<b>(49,728)</b>	<b>35,739,722</b>	<b>42,002,897</b>	<b>16,651</b>	<b>42,019,548</b>
Profit for the period	--	--	--	--	2,088,087	2,088,087	1,522	2,089,609
Other comprehensive income	--	--	4,548	--	--	4,548	--	4,548
Total comprehensive income for the period	--	--	4,548	--	2,088,087	2,092,635	1,522	2,094,157
<i>Transaction with owners</i>								
Dividends declared (Note 22)	--	--	--	--	(6,655,000)	(6,655,000)	(690)	(6,655,690)
Social and sports contribution refund	--	--	--	--	4,111	4,111	--	4,111
<b>Balance as at June 30, 2023</b> <b>(Reviewed)</b>	<b>6,050,000</b>	<b>271,059</b>	<b>(3,608)</b>	<b>(49,728)</b>	<b>31,176,920</b>	<b>37,444,643</b>	<b>17,483</b>	<b>37,462,126</b>



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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, 2023

	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
<b>Balance as at January 1, 2022</b>								
<b>(Audited)</b>	6,050,000	195,856	(4,810)	(8,814)	33,261,035	39,493,267	17,021	39,510,288
Profit for the period	--	--	--	--	5,432,251	5,432,251	212	5,432,463
Other comprehensive income	--	--	7,280	--	--	7,280	--	7,280
Total comprehensive income for the period	--	--	7,280	--	5,432,251	5,439,531	212	5,439,743
<b>Transaction with owners</b>								
Dividends declared (Note 22)	--	--	--	--	(6,050,000)	(6,050,000)	(450)	(6,050,450)
Reversal of excess social and sports contribution	--	--	--	--	4,111	4,111	--	4,111
<b>Balance as at June 30, 2022</b>	<u>6,050,000</u>	<u>195,856</u>	<u>2,470</u>	<u>(8,814)</u>	<u>32,647,397</u>	<u>38,886,909</u>	<u>16,783</u>	<u>38,903,692</u>
<b>(Reviewed)</b>								



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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, 2023

	<b>For the six-month period ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>
Notes	<b>QR' 000</b>	<b>QR' 000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
	<b>1,841,434</b>	5,089,212
Profit before tax from continued operations		
Profit before tax from discontinued operations	<b>249,028</b>	343,399
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment and amortization of intangible assets	<b>669,591</b>	729,345
Amortisation of right-of-use assets	9 <b>17,941</b>	15,183
Provision for employees' end of service benefits	<b>39,416</b>	32,812
Share of net results from associates	6 <b>(154,962)</b>	(155,807)
Share of net results from joint ventures	7 <b>(825,488)</b>	(1,503,648)
(Profit)/loss on disposal of property, plant and equipment	<b>(3)</b>	4,908
Finance costs	<b>14,440</b>	11,316
Interest income	<b>(398,803)</b>	(152,632)
Provision for obsolete and slow-moving inventories	10 <b>2,718</b>	18,162
Reversal of expected credit losses on trade and other receivables	11 <b>(66)</b>	(229)
Fair value loss on financial assets at fair value through profit or loss	<b>(14,606)</b>	(20,653)
Dividends income from financial assets at fair value through profit or loss	<b>(19,149)</b>	(15,588)
<b>Cash flow generated from operating activities before changes in working capital</b>	<b>1,421,491</b>	4,395,780
<b>Changes in working capital</b>		
Inventories	<b>824,000</b>	(444,059)
Trade and other receivables	<b>1,772,175</b>	1,597,297
Trade and other payables	<b>(230,486)</b>	111,173
<b>Cash generated from operations</b>	<b>3,787,180</b>	5,660,191
Payments of end of service benefits	<b>(43,329)</b>	(30,034)
Payments of income tax	<b>(116)</b>	(669)
Social and sports contribution fund paid	<b>(206,654)</b>	(194,893)
<b>Net cash generated from operating activities</b>	<b>3,537,081</b>	5,434,595



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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, 2023

	Notes	For the six-month period ended June 30,	
		2023	2022
		(Reviewed) QR' 000	(Reviewed) QR' 000
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposals of property, plant and equipment		28	--
Additions to property, plant and equipment and catalysts	4	(926,244)	(307,766)
Movement in fixed deposits		(2,604,100)	2,459,369
Dividends received from financial assets at fair value through profit or loss		19,149	15,588
Dividends and tax benefits received from joint ventures		109,455	178,360
Dividends received from associate		421,272	111,745
Interest income received		304,242	126,792
Deemed Investment		(20,384)	(32,614)
<b>Net cash (used in) / generated from investing activities</b>		<b>(2,696,582)</b>	<b>2,551,474</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Other finance charges paid		(1,277)	(2,229)
Interest paid related to lease liability		(10,058)	(9,087)
Repayment of principal related to lease liability		(80,482)	(8,808)
Movement in unclaimed dividend bank accounts		(16,641)	(25,109)
Dividends paid to non-controlling interest		(690)	(450)
Dividends paid		(6,638,359)	(6,024,891)
<b>Net cash used in financing activities</b>		<b>(6,747,507)</b>	<b>(6,070,574)</b>
<b>Net change in cash and cash equivalents</b>		<b>(5,907,007)</b>	<b>1,915,495</b>
Cash and cash equivalents at January 1		9,626,954	4,515,143
<b>Cash and cash equivalents at June 30</b>	14(i)	<b>3,719,947</b>	<b>6,430,638</b>



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## INDUSTRIES QATAR Q.P.S.C.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six-month period ended June 30, 2023

#### 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 by resolution No. 33 of 2003 from the Ministry of Commerce and Industry of the State of Qatar. The Company’s shares are listed on the Qatar Stock Exchange. The Group’s registered office is situated in Doha, State of Qatar.

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

Through the Group companies, IQ operates in three main distinct segments: petrochemicals, fertilisers and steel. More information about the Group activities is given in Note 24. The structure of the Group, included in these interim condensed consolidated financial information is as follows:

	Type of interest	Country of incorporation	Percentage of holding	
			June 30, 2023	December 31, 2022
Qatar Steel Company Q.P.S.C.	Subsidiary	Qatar	100%	100%
Qatar Steel Company FZE (Dubai)	Subsidiary	UAE	100%	100%
Qatar Fertiliser Company P.S.C. (“QAFCO”)	Subsidiary	Qatar	100%	100%
Gulf Formaldehyde Company (P.Q.S.C.) (“GFC”)	Subsidiary	Qatar	70%	70%
Qatar Melamine Company (P.Q.S.C.) (“QMC”)	Subsidiary	Qatar	100%	100%

During the period, the Board of Directors of the Group has given in principal approval for a potential acquisition offer of 100% shares in Al Qataria for Production of Reinforcing Steel (Al-Qataria) by its fully owned subsidiary Qatar Steel. The completion of the transaction is subject to obtaining related regulatory and other concerned approvals.

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

	Type of interest	Country of incorporation	Percentage of holding	
			June 30, 2023	December 31, 2022
Qatar Petrochemical Company (QAPCO) Q.P.J.S.C. (“QAPCO”)	Joint venture	Qatar	80%	80%
Qatar Fuel Additives Company Limited Q.P.S.C. (“QAFAC”) *	Joint venture	Qatar	50%	50%
Qatar Metals Coating Company W.L.L. SOLB Steel Company (SSC)	Associate	Qatar	50%	50%
	Associate	Kingdom of Saudi Arabia	31.03%	31.03%
Foulath Holding B.S.C.	Associate	Bahrain	25%	25%

\* During the period, investment in QAFAC was classified as held for sale and measured at the lower of carrying amount and fair value less costs to sell and ceases to apply the equity method.



**2. BASIS OF PREPARATION**

The interim condensed consolidated financial information for the six-month period ended June 30, 2023 have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”).

The interim condensed consolidated financial statements are presented in Qatari Riyals, which is the Group’s functional currency. All the financial information has been presented in these interim condensed consolidated financial statements has been rounded off to nearest thousands (QR. ‘000) except where 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, 2022. In addition, results for the six-month period ended June 30, 2023 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2023.

*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, 2022 except for the changes highlighted below:

*a) Classification of QAFAC investment as held for sale*

QAFAC is governed by its Articles of Association and a Consolidated Joint Venture Agreement (CJVA). The CJVA is expiring on June 9, 2024, which is less than twelve months from this interim condensed consolidated financial statement. Certain core agreements such as the QAFAC’s Land Lease Agreement for its operations and the Butane and Gas Feedstock Sales and Purchase Agreement shall also expire along with the expiry of CJVA. There is no extension or renewal of the aforementioned core agreements to date, and therefore for the preparation of QAFAC interim condensed financial information as of June 30, 2023, is based on the underlying assumption of other than going concern. However, the concerned parties are in the process of entering into discussions for certain of the aforementioned arrangements.

Accordingly, the group has classified its investment in QAFAC as an asset held for sale and presented separately in the interim condensed consolidated statement of financial position. Since the fair value of the asset exceeds the carrying amount no impairment losses have been recognised on classification as held for sale.

The interim consolidated statement of profit or loss and the interim condensed consolidated statement of cash flow for the comparative period of the Group have been represented to disclose the discontinued operations of QAFAC from continuing operations.

### **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, 2022 and the notes attached thereto, except for the adoption of certain new and revised standards as applicable, that became effective in the current period and new policies as set out below.

#### **New and revised standards and interpretation issued and effective**

*Effective for annual periods beginning after January 1, 2023*

- IFRS 17: Insurance Contracts (Including Amendments to IFRS 17)
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Definition of Accounting Estimates (Amendments to IAS 8)
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

#### **New and revised standards and interpretation issued but not yet effective**

*Effective for annual periods beginning after January 1, 2024*

- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)
- Non-current Liabilities with Covenants (Amendments to IAS 1)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

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

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six-month period ended June 30, 2023

**4. PROPERTY, PLANT AND EQUIPMENT**

	<b>Buildings</b>	<b>Plant machinery and equipment</b>	<b>Furniture and other equipment</b>	<b>Capital work in progress</b>	<b>Total</b>
	<b>QR' 000</b>	<b>QR' 000</b>	<b>QR' 000</b>	<b>QR' 000</b>	<b>QR' 000</b>
<b>At December 31, 2022 (Audited):</b>					
Cost	4,604,668	14,928,022	146,280	709,524	20,388,494
Accumulated depreciation and impairment losses	(1,427,562)	(7,162,647)	(113,176)	--	(8,703,385)
<b>Net book value</b>	<b>3,177,106</b>	<b>7,765,375</b>	<b>33,104</b>	<b>709,524</b>	<b>11,685,109</b>
<b>Six-months period ended June 30, 2023 (Reviewed):</b>					
Opening net book value	3,177,106	7,765,375	33,104	709,524	11,685,109
Additions	--	15,001	--	911,243	926,244
Transfers and reclassification	11,924	145,778	11,871	(159,931)	9,642
Disposals	--	(13)	(12)	--	(25)
Depreciation charge	(118,579)	(543,361)	(7,591)	--	(669,531)
<b>Closing net book value</b>	<b>3,070,451</b>	<b>7,382,780</b>	<b>37,372</b>	<b>1,460,836</b>	<b>11,951,439</b>
<b>At June 30, 2023 (Reviewed):</b>					
Cost	<b>4,616,592</b>	<b>15,078,998</b>	<b>155,499</b>	<b>1,460,836</b>	<b>21,311,925</b>
Accumulated depreciation and impairment losses	<b>(1,546,141)</b>	<b>(7,696,218)</b>	<b>(118,127)</b>	<b>--</b>	<b>(9,360,486)</b>
<b>Net book value</b>	<b>3,070,451</b>	<b>7,382,780</b>	<b>37,372</b>	<b>1,460,836</b>	<b>11,951,439</b>

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

For the six-month period ended June 30, 2023

**4. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)**

The depreciation charges have been allocated in the interim condensed consolidated statement of profit or loss as follows:

	<b>For the six-month ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>
	<b>QR' 000</b>	<b>QR' 000</b>
Cost of sales	<b>658,377</b>	729,284
General and administrative expenses	<b>10,715</b>	10,904
Selling and distribution expenses	<b>438</b>	323
	<b>669,531</b>	740,511

**5. CAPITAL PROJECT ADVANCES**

	<b>June 30,</b>	<b>December 31,</b>
	<b>2023</b>	<b>2022</b>
	<b>(Reviewed)</b>	<b>(Audited)</b>
	<b>QR' 000</b>	<b>QR' 000</b>
Advance for QAFCO VII	<b>192,374</b>	192,374
	<b>192,374</b>	192,374

The Group signed an agreement for the construction of QAFCO plant VII (Ammonia VII) project and an EPCC contract for the construction of the plant was entered into on August 31, 2022. The project is expected to be completed in 2026.

**6. INVESTMENTS IN ASSOCIATES**

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

<b>Name of associate</b>	<b>Principal activity</b>	<b>Place of incorporation and operation</b>	<b>Effective ownership %</b>	
			<b>June 30, 2023</b>	<b>December 31, 2022</b>
			<b>(Reviewed)</b>	<b>(Audited)</b>
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%

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

For the six-month period ended June 30, 2023

**6. INVESTMENTS IN ASSOCIATES (CONTINUED)**

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

	<b>June 30, 2023 (Reviewed) QR' 000</b>	December 31, 2022 (Audited) QR' 000
Foulath holding B.S.C.	1,622,113	1,882,654
Qatar Metals Coating Company W.L.L.	<u>6,185</u>	<u>7,406</u>
	<u><b>1,628,298</b></u>	<u><b>1,890,060</b></u>

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

	<b>June 30, 2023 (Reviewed) QR' 000</b>	December 31, 2022 (Audited) QR' 000
Balance as at January 1,	1,890,060	1,577,311
Share of results from associates	154,962	427,855
Net share of other comprehensive income	4,548	(3,346)
Dividends received	<u>(421,272)</u>	<u>(111,760)</u>
Balance at the end of the period/year	<u><b>1,628,298</b></u>	<u><b>1,890,060</b></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 June 30, 2023 and December 31, 2022. The share of results of SOLB Steel Company during the period was QR nil (June 30, 2022: QR nil).

**7. INVESTMENTS IN JOINT VENTURES**

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

<u>Name of joint ventures</u>	<u>Principal activity</u>	<u>Place of incorporation and operation</u>	<u>Effective ownership %</u>	
			<u>June 30, 2023 (Reviewed)</u>	<u>December 31, 2022 (Audited)</u>
QAPCO	Petrochemical	Qatar	80%	80%
QAFAC *	Petrochemical	Qatar	50%	50%

- \* During the period, investment in QAFAC was classified as held for sale and measured at the lower of carrying amount and fair value less costs to sell and ceases to be accounted for under the equity method. The carrying amount at the date of classification as held for sale is the 'frozen' equity method carrying amount, i.e. the amount at which the joint venture was recognised under the equity method immediately prior to reclassification.



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

For the six-month period ended June 30, 2023

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

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

	<b>June 30, 2023 (Reviewed)</b>	December 31, 2022 (Audited)
	<b>QR' 000</b>	QR' 000
Balance as at January 1,	<b>7,096,559</b>	6,822,599
Share of net results of joint ventures	<b>517,836</b>	1,566,616
Adjustment related to tax benefit	<b>307,652</b>	893,817
Share of other comprehensive loss	<b>--</b>	(16,864)
Dividends and tax benefits received	<b>(109,455)</b>	(2,169,609)
Balance at the end of the period/year	<b><u>7,812,593</u></b>	<u>7,096,559</u>

The balance at the end of the period have been presented in the interim condensed consolidated statement of financial position as follows:

	<b>June 30, 2023 (Reviewed)</b>	December 31, 2022 (Audited)
	<b>QR' 000</b>	QR' 000
Investment in a joint venture	<b>6,925,662</b>	7,096,559
Assets classified as held for sale	<b>886,930</b>	--
	<b><u>7,812,592</u></b>	<u>7,096,559</u>

The share of net results of joint ventures and adjustment related to tax benefit have been presented in the interim condensed consolidated statement of profit or loss as follows:

	<b>June 30, 2023 (Reviewed)</b>	June 30, 2022 (Reviewed)
	<b>QR' 000</b>	QR' 000
Share of results of investment in a joint venture	<b>576,460</b>	1,160,249
Profit for the period from discontinued operations	<b>249,028</b>	343,399
	<b><u>825,488</u></b>	<u>1,503,648</u>

**8. DEEMED INVESTMENT**

	<b>June 30, 2023 (Reviewed)</b>	December 31, 2022 (Audited)
	<b>QR' 000</b>	QR' 000
Investment in Qatar Vinyl Company (QVC)	<b><u>55,444</u></b>	<u>35,060</u>

## INDUSTRIES QATAR Q.P.S.C.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six-month period ended June 30, 2023

#### 8. DEEMED INVESTMENT (CONTINUED)

##### *Deemed Investment in QVC*

The Company has entered into a Principles Agreement with QVC and its existing shareholders of QVC to develop, build and operate a Polyvinyl Chloride (PVC) manufacturing facility with a total contract value of USD 239 million. The target completion date of the project is June 2025, and the project is funded by the Company 44.8% and MPHIC 55.2% as per the Principles Agreement entered among the existing shareholders of QVC and the Company.

As of June 30, 2023, the Company has made an advance of QR 55.44 million (2022: QR 35.06million) and the advance is accounted for as a deemed investment in QVC in the interim condensed consolidated financial statements.

##### *Transfer of ownership*

As per the principles agreement entered between the shareholders of QVC and the Company on March 1, 2022 QAPCO (31.9% shares) and QatarEnergy (12.9% shares) will transfer its shares in QVC for nil consideration on May 1, 2026 upon expiry of existing joint venture agreement.

As at June 30, 2023 the company has assessed the fair value of expected transfer of QatarEnergy's 12.9% shares and QAPCO's 31.9% shares in QVC, this will be recognised in the books subject to completion of legal and regulatory requirements of this agreement.

#### 9. 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 QR '000
	Land and building QR '000	Heavy duty equipment QR '000	Motor vehicles QR '000	Other assets QR '000	Total QR '000	
January 1, 2022	144,199	2,324	3,645	36,734	186,902	373,676
Additions	138,963	--	--	--	138,963	138,963
Lease modification	(89,784)	--	--	--	(89,784)	(111,822)
Depreciation expense	(26,092)	(2,324)	(698)	(1,595)	(30,709)	--
Interest expense	--	--	--	--	--	19,379
Payments	--	--	--	--	--	(33,937)
December 31, 2022	<b>167,286</b>	--	<b>2,947</b>	<b>35,139</b>	<b>205,372</b>	<b>386,259</b>
Additions	<b>5,001</b>	<b>63,849</b>	<b>622</b>	--	<b>69,472</b>	<b>69,472</b>
Depreciation expense	<b>(13,105)</b>	<b>(3,959)</b>	<b>(353)</b>	<b>(524)</b>	<b>(17,941)</b>	--
Interest expense	--	--	--	--	--	<b>10,058</b>
Payments	--	--	--	--	--	<b>(90,540)</b>
June 30, 2023 (Reviewed)	<b>159,182</b>	<b>59,890</b>	<b>3,216</b>	<b>34,615</b>	<b>256,903</b>	<b>375,249</b>

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

For the six-month period ended June 30, 2023

**9. LEASES (CONTINUED)**

The lease liabilities is presented in the financial statements as:

	<b>June 30, 2023 (Reviewed) QR' 000</b>	<b>December 31, 2022 (Audited) QR' 000</b>
Current	42,905	91,012
Non-current	332,344	295,247
	<b>375,249</b>	<b>386,259</b>

The depreciation expenses have been allocated in the interim condensed consolidated statement of profit or loss as follows:

	<b>For the six-month ended June 30,</b>	
	<b>2023 (Reviewed) QR' 000</b>	<b>2022 (Reviewed) QR' 000</b>
Cost of sales	13,402	11,224
General and administrative expenses	4,539	3,959
	<b>17,941</b>	<b>15,183</b>

**10. INVENTORIES**

	<b>June 30, 2023 (Reviewed) QR' 000</b>	<b>December 31, 2022 (Audited) QR' 000</b>
Finished goods and goods for resale	761,388	1,063,122
Raw materials	201,781	336,925
Spares and consumables	941,346	923,243
Work in process	272,368	429,662
Additives	233,102	256,406
Goods in transit	105,011	329,634
	<b>2,514,996</b>	<b>3,338,992</b>
Less: Provision for slow-moving inventories	<b>(236,802)</b>	<b>(234,084)</b>
	<b>2,278,194</b>	<b>3,104,908</b>

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

	<b>June 30, 2023 (Reviewed) QR' 000</b>	<b>December 31, 2022 (Audited) QR' 000</b>
Balance as at January 1,	234,084	190,960
Provision during the period/year	2,696	42,711
Write down of inventory to NRV	8,918	437
Reversal of provision	<b>(8,896)</b>	<b>(24)</b>
Balance at the end of the period/year	<b>236,802</b>	<b>234,084</b>

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

For the six-month period ended June 30, 2023

**11. TRADE AND OTHER RECEIVABLES**

	<b>June 30, 2023 (Reviewed) QR' 000</b>	December 31, 2022 (Audited) QR' 000
Trade accounts receivable at amortized cost	<b>677,883</b>	494,565
Due from related parties (Note 12.2)	<b>102,256</b>	1,534,767
Advances to suppliers	<b>24,573</b>	70,072
Prepayments	<b>102,205</b>	73,656
Loans to employees	<b>122,843</b>	128,727
Accrued interest	<b>217,017</b>	122,455
Other receivables	<b>23,884</b>	24,974
	<b>1,270,661</b>	2,449,216
Less: Expected credit losses (i)	<b>(58,426)</b>	(58,492)
	<b>1,212,235</b>	2,390,724
Trade accounts receivable measured at fair value through profit or loss (Note 12.2)	<b>592,721</b>	1,086,658
	<b>1,804,956</b>	3,477,382

- i) The Group has recorded an expected credit losses on trade accounts receivable and due from related parties amounting to QR 0.388 million (2022: QR 0.454 million) and QR 58.038 million (2022: QR 58.038 million) (Note 12.2), respectively. No interest is charged on outstanding trade receivables.

*Movement in expected credit loss*

	<b>June 30, 2023 (Reviewed) QR' 000</b>	December 31, 2022 (Audited) QR' 000
Balance as at January 1,	<b>58,492</b>	58,721
Net remeasurement of expected credit loss	<b>(66)</b>	(229)
Balance as at the end of the period/year	<b>58,426</b>	58,492

**12. RELATED PARTIES****12.1 Related Party 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.

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

For the six-month period ended June 30, 2023

**12. RELATED PARTIES (CONTINUED)****12.1 Related Party Transactions (continued)**

The following transactions were carried out with related parties:

	<b>June 30, 2023 (Reviewed) QR' 000</b>	June 30, 2022 (Reviewed) QR' 000
<b>Sales of goods and services</b>		
<i>Associate</i>		
Qatar Metals Coating Company W.L.L.	<b>30,900</b>	39,741
<i>Entities under common control</i>		
Gasal Company Q.S.C.	<b>50</b>	33
Qatar Vinyl Company Limited (QVC) Q.P.J.S.C.	<b>322</b>	--
Qatofin Company Limited Q.P.J.S.C.	<b>40</b>	--
SOLB Steel Company	<b>172</b>	66
Qatar Chemical and Petrochemical Marketing and Distribution Company (Muntajat) Q.J.S.C.	<b>3,741,977</b>	7,952,533
	<b>3,773,461</b>	7,992,373
<b>Purchases of goods and services</b>		
<i>Ultimate Parent</i>		
QatarEnergy	<b>1,800,247</b>	3,760,871
<i>Associate</i>		
Qatar Metals Coating Company W.L.L.	<b>7</b>	157
<i>Joint venture</i>		
QAFAC	<b>17,849</b>	23,295
<i>Entity under common control</i>		
Gasal Company Q.S.C.	<b>32,146</b>	26,050
Qatar Chemical and Petrochemical Marketing and Distribution Company (Muntajat) Q.J.S.C.	<b>12,685</b>	15,607
Qatar Fuel Company (WOQOD) Q.P.S.C.	<b>5,158</b>	3,408
	<b>1,868,092</b>	3,829,388
<b>Deemed investment</b>		
<i>Entities under common control</i>		
Qatar Vinyl Company Limited (QVC) Q.P.J.S.C.	<b>55,444</b>	32,614



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

For the six-month period ended June 30, 2023

**12. RELATED PARTIES (CONTINUED)****12.2 Related Party Balances**

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

	<b>June 30, 2023 (Reviewed) QR' 000</b>	<b>December 31, 2022 (Audited) QR' 000</b>
<b>Receivables from related parties</b>		
<b>Measured at amortised cost:</b>		
<i>Ultimate parent</i>		
QatarEnergy	<b>4,840</b>	4,424
<i>Joint ventures</i>		
QAPCO*	--	1,219,870
QAFAC*	--	237,879
<i>Associates</i>		
Qatar Metals Coating Company W.L.L.	<b>14,707</b>	14,249
SOLB Steel Company	<b>53,941</b>	53,769
<i>Entities under common control:</i>		
Qatar Vinyl Company Limited (QVC) Q.S.C.	<b>49</b>	116
Qatofin Company Limited	<b>4</b>	--
Al Koot Insurance and Reinsurance Company P.J.S.C.	<b>28,714</b>	4,430
<i>Affiliates</i>		
Qatar Industrial manufacturing company	--	30
	<b>102,256</b>	1,534,767
Less: Loss allowance	<b>(58,038)</b>	(58,038)
	<b>44,218</b>	1,476,729
<b>Measured at fair value through profit or loss:</b>		
<i>Entities under common control</i>		
Qatar Chemical and Petrochemical Marketing and Distribution Company (Muntajat) Q.J.S.C.**	<b>592,721</b>	1,086,658
	<b>636,939</b>	2,563,387

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

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

**12. RELATED PARTIES (CONTINUED)****12.2 Related Party Balances (continued)**

	<b>June 30, 2023 (Reviewed)</b>	December 31, 2022 (Audited)
	<b>QR' 000</b>	QR' 000
<b>Payables to related parties</b>		
<i>Ultimate parent</i>		
QatarEnergy	<b>229,180</b>	587,718
<i>Joint venture</i>		
QAFAC	<b>2,290</b>	3,135
QAPCO	<b>85</b>	90
<i>Entities under common control</i>		
GASAL Company Q.S.C.	<b>7,023</b>	2,880
Al Koot Insurance and Reinsurance Company P.J.S.C.	<b>3,462</b>	5,539
Qatar Fuel Company (WOQOD) Q.P.S.C.	<b>56</b>	79
	<b>242,096</b>	599,441

**12.3 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.

**12.4 Compensation of Key Management Personnel**

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

	<b>June 30, 2023 (Reviewed)</b>	June 30, 2022 (Reviewed)
	<b>QR' 000</b>	QR' 000
Board of Directors remuneration	<b>6,463</b>	6,433
Short term benefits to key management personnel	<b>21,819</b>	22,795
	<b>28,282</b>	29,228

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

For the six-month period ended June 30, 2023

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

	<b>June 30, 2023 (Reviewed) QR' 000</b>	December 31, 2022 (Audited) QR' 000
Balance as at January 1,	<b>397,118</b>	348,510
Movement in fair value recognised directly in profit or loss	<b>14,606</b>	48,608
Balance at end of period/year, measured at fair value	<b>411,724</b>	397,118
Investments in equity instruments – quoted	<b>411,724</b>	393,533
Investments in equity instruments – unquoted	<b>--</b>	3,585

**14. CASH AND BANK BALANCES**

	<b>June 30, 2023 (Reviewed) QR' 000</b>	December 31, 2022 (Audited) QR' 000
Cash on hand	<b>92</b>	7
Cash in bank	<b>1,046,478</b>	1,525,771
Short term fixed deposits	<b>2,798,418</b>	8,209,576
Cash and bank balances	<b>3,844,988</b>	9,735,354

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

	<b>June 30, 2023 (Reviewed) QR' 000</b>	June 30, 2022 (Reviewed) QR' 000
Cash and bank balances	<b>3,844,988</b>	6,547,505
Less: Dividend accounts	<b>(125,041)</b>	(116,867)
Cash and cash equivalents	<b>3,719,947</b>	6,430,638

- i) As at June 30, 2023, fixed deposits with maturities greater than 90 days amounted to QR 9,788 million (December 31, 2022: QR 7,184 million). Fixed deposits are held with banks and denominated mainly in Qatari Riyals and US Dollars with an average effective interest rate of 6.1% (December 31, 2022: 6%).

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

For the six-month period ended June 30, 2023

**15. EMPLOYEES' END OF SERVICE BENEFITS**

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

	<b>June 30, 2023 (Reviewed) QR' 000</b>	December 31, 2022 (Audited) QR' 000
Balance as at January 1,	465,977	432,102
Interest cost	3,106	2,988
Current service cost	6,125	15,217
Provision during the period/year	33,291	46,928
Actuarial gains and losses on re-measurement of present value of defined benefits obligation	--	24,050
Paid during the period/year	(43,329)	(55,308)
Balance at the end of the period/year	<b>465,170</b>	<b>465,977</b>

**16. TRADE AND OTHER PAYABLES**

	<b>June 30, 2023 (Reviewed) QR' 000</b>	December 31, 2022 (Audited) QR' 000
Accrued expenses	670,709	425,246
Financial guarantees	400,000	400,000
Due to related parties (Note 12.2)	242,096	599,441
Trade payables	190,341	323,947
Provision for social and sports contribution fund	--	210,764
Dividend payable	125,041	108,400
Due to government	34,289	34,289
Other payables	59,868	30,101
	<b>1,722,344</b>	<b>2,132,188</b>

**17. INCOME TAX**

	<b>For the six-month ended June 30, 2023 (Reviewed) QR' 000</b>	2022 (Reviewed) QR' 000
<b>Current income tax</b>		
Current income tax charge	277,310	1,192,340
Adjustments for prior year income tax	113	3,043
	<b>277,423</b>	1,195,383
Group tax benefit relating to subsidiaries (i)	(276,570)	(1,195,235)
	<b>853</b>	148
<b>Deferred tax</b>		
	--	--
	<b>853</b>	148

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

For the six-month period ended June 30, 2023

**17. INCOME TAX (CONTINUED)**

- (i) As per the MOU between the General Tax Authority and Ministry of Finance, the proportion of income tax of the subsidiaries, joint ventures and their components attributable to the effective shareholding of the public shareholding company shall be settled with the General Tax Authority by the Ministry of Finance through the defined settlement arrangement between the public shareholding company, QatarEnergy and the Ministry of Finance.
- (ii) The Group has adopted a lower tax base for computation of income tax (effective foreign shareholding), in relation to filing and payment of the 2022 income tax return for QAFCO and its Subsidiaries. This mechanism was adopted after consultations with the ultimate parent entity QatarEnergy. The Group is in the process of seeking tax advice from independent tax advisors on this treatment. Per IFRIC 23 management has accounted for tax for the six-months period ended June 30, 2023 under the previous basis (as 100% taxable) until there is indicator that General Tax Authority will accept the effective foreign shareholding basis. The income tax payable closing balance continues to follow the treatment adopted in the prior year financials and will be modified post alignment with tax authorities.

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

	<b>For the six-month ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>
	<b>QR' 000</b>	<b>QR' 000</b>
Profit before tax	<b>2,090,462</b>	5,432,611
Adjustments for:		
Non-taxable income	<b>(1,509,260)</b>	(1,826,081)
Non-deductible expenses and losses	<b>341,863</b>	103,928
Taxable income	<b>923,065</b>	3,710,458
Current income tax	<b>277,310</b>	1,192,340

Movement of income tax payable is as follow:

	<b>June 30,</b>	<b>December 31,</b>
	<b>2023</b>	<b>2022</b>
	<b>(Reviewed)</b>	<b>(Audited)</b>
	<b>QR' 000</b>	<b>QR' 000</b>
Opening balance	<b>790</b>	669
Income tax for the period/year	<b>277,310</b>	1,927,804
Income tax for the prior year net of previously recognized payable	<b>113</b>	3,043
Amount paid during the period/year	<b>(116)</b>	(669)
Group tax benefit relating to subsidiaries	<b>(276,570)</b>	(1,930,057)
Closing balance	<b>1,527</b>	790



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

For the six-month period ended June 30, 2023

**18. REVENUES**

	<b>For the six-month ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>
	<b>QR' 000</b>	<b>QR' 000</b>
<b>Disaggregation of revenue – at a point in time</b>		
Bar sales	<b>1,547,908</b>	1,680,571
Billet sales	<b>271,865</b>	71,548
DRI/HBI sales	<b>397,436</b>	526,230
Coil sales	<b>145,958</b>	198,384
Urea sales	<b>3,216,857</b>	6,871,935
Ammonia sales	<b>404,295</b>	825,392
Melamine sales	<b>120,825</b>	255,204
Freight revenues	<b>69</b>	66
	<b>6,105,213</b>	10,429,330
Less: Freight charges and marketing fees	<b>(3,400)</b>	(17,590)
	<b>6,101,813</b>	10,411,740

**19. COST OF SALES**

	<b>For the six-month ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>
	<b>QR' 000</b>	<b>QR' 000</b>
Raw materials consumed	<b>3,676,007</b>	5,115,023
Utilities	<b>186,743</b>	170,138
Salaries and wages	<b>288,369</b>	281,896
Depreciation and amortization	<b>671,841</b>	740,569
Repair and maintenance	<b>61,536</b>	48,617
Others	<b>121,645</b>	112,128
	<b>5,006,141</b>	6,468,371

**20. DISCONTINUED OPERATIONS**

QAFAC is governed by its Articles of Association and a Consolidated Joint Venture Agreement (CJVA). The CJVA is expiring on June 9, 2024, which is less than twelve months from this interim condensed consolidated financial statement. Certain core agreements such as the QAFAC's Land Lease Agreement for its operations and the Butane and Gas Feedstock Sales and Purchase Agreement shall also expire along with the expiry of CJVA. There is no extension or renewal of the aforementioned core agreements to date, and therefore for the preparation of QAFAC interim condensed financial information as of June 30, 2023, is based on the underlying assumption of other than going concern. However, the concerned parties are in the process of entering into discussions for certain of the aforementioned arrangements.

Accordingly, the group has classified its investment in QAFAC as an asset held for sale and presented separately in the interim condensed consolidated statement of financial position.

The interim consolidated statement of profit or loss and the interim condensed consolidated statement of cash flow for the comparative period of the Group have been represented to disclose the discontinued operations of QAFAC from continuing operations.

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

For the six-month period ended June 30, 2023

**20. DISCONTINUED OPERATIONS (CONTINUED)**

The results of the discontinued operations, which have been included in the profit for the period, were as follows:

	<b>For the six-month ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>
	<b>QR' 000</b>	<b>QR' 000</b>
Share of results of investments in joint ventures	<b>249,028</b>	343,399
Profit for the period from discontinued operations	<b>249,028</b>	343,399

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at June 30, 2023:

	<b>June 30,</b>
	<b>2023</b>
	<b>(Reviewed)</b>
	<b>QR' 000</b>
<b>Assets</b>	
Investments in QAFAC joint venture	<b>886,930</b>
<b>Total assets classified as held for sale</b>	<b>886,930</b>

The net cash flows of the discontinued operations are presented below:

	<b>For the six-month ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>
	<b>QR' 000</b>	<b>QR' 000</b>
Share of net results from joint ventures	<b>249,028</b>	343,399
Net cash flows generated from operating activities	<b>249,028</b>	343,399

	<b>For the six-month ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>
<b>Earnings per share</b>		
<b>Basic and diluted earnings (QR per share):</b>		
From discontinued operations	<b>0.05</b>	0.06

## INDUSTRIES QATAR Q.P.S.C.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six-month period ended June 30, 2023

#### 21. 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.

	<b>For the six-month ended June 30,</b>	
	<b>2023</b>	<b>2022</b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>
	<b>QR' 000</b>	<b>QR' 000</b>
Profit attributable to equity holders of the parent:		
Continuing operations	<b>1,839,059</b>	5,088,852
Discontinued operations	<b>249,028</b>	343,399
Profit attributable to equity holders of the parent for basic and diluted earnings	<b>2,088,087</b>	5,432,251
Weighted average number of shares outstanding during the period (in thousands)	<b>6,050,000</b>	6,050,000
Basic and diluted earnings per share (expressed in QR per share)		
From continuing operations	<b>0.30</b>	0.84
From continuing and discontinued operations	<b>0.35</b>	0.90

#### 22. DIVIDENDS

During the period, cash dividends of QR 1.1 per share amounting to QR 6,655 million relating to 2022 were approved by the shareholders at the Annual General Assembly Meeting held on March 15, 2023 (June 30, 2022: QR 1 per share amounting to QR 6,050 million relating to 2021).

#### 23. FINANCIAL INSTRUMENTS

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

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

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

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

The Group has received the Actual Net Back Unit Price (ANUP) from Qatar Chemical and Petrochemical Marketing and Distribution Company (QCPMDC), prior to closure of the financial period end, which has been used to measure the receivables from Qatar Chemical and Petrochemical Marketing and Distribution Company (QCPMDC). Moreover, the impact of price adjustment is considered to be not significant. Hence, the carrying amount has been considered to equal the fair value.

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

For the six-month period ended June 30, 2023

**23. FINANCIAL INSTRUMENTS (CONTINUED)**

The following table presents the Group's financial assets measured and recognised at fair value at June 30, 2023 and December 31, 2022 on recurring basis:

	Level 1	Level 2	Level 3	Total
<b>As at 30 June 2023</b>				
<i>Financial assets at fair value through profit and loss:</i>				
Quoted price in an active market	411,724	--	--	411,724
<i>Receivables measured at fair value</i>				
Based on unobservable inputs	--	--	592,721	592,721
<b>As at 31 December 2022</b>				
<i>Financial assets at fair value through profit and loss:</i>				
Quoted price in an active market	393,533	--	--	393,533
Based on unobservable inputs	--	--	3,585	3,585
<i>Receivables measured at fair value</i>				
Based on unobservable inputs	--	--	1,086,658	1,086,658

**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, 2023 (Reviewed) QR' 000	December 31, 2022 (Audited) QR' 000	June 30, 2023 (Reviewed) QR' 000	December 31, 2022 (Audited) QR' 000	
Financial assets at fair value through profit or loss (FVTPL) (Note 13)	411,724	397,118	411,724	397,118	Level 1 and 3
Trade accounts receivable measured at fair value (Note 12.2)	592,721	1,086,658	592,721	1,086,658	Level 3

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

**24. SEGMENT INFORMATION**

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

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

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

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

For the six-month period ended June 30, 2023

**24. 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, 2023 and 2022:

*For the six-month period ended June 30, 2023 (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
<b>Revenue</b>							
<i>External customers</i>							
From continued operations	1,401,858	3,741,977	2,359,836	--	7,503,671	(1,401,858)	6,101,813
From discontinued operations	762,145	--	--	--	762,145	(762,145)	--
<b>Total revenue</b>	<u>2,164,003</u>	<u>3,741,977</u>	<u>2,359,836</u>	<u>--</u>	<u>8,265,816</u>	<u>(2,164,003)</u>	<u>6,101,813</u>
	<u>QR' 000</u>	<u>QR' 000</u>	<u>QR' 000</u>	<u>QR' 000</u>	<u>QR' 000</u>	<u>QR' 000</u>	<u>QR' 000</u>
<b>Results from continuing operations</b>							
Segment profit before tax	576,145	723,986	278,489	3,139,961	4,718,581	(2,877,147)	1,841,434
Depreciation and amortisation	168,028	524,365	95,288	67,879	855,560	(168,028)	687,532
Finance costs	1,658	8,563	5,877	--	16,098	(1,658)	14,440
<b>Results from discontinuing operations</b>							
Segment profit before tax	249,028	--	--	--	249,028	--	249,028
Depreciation and amortisation	78,420	--	--	--	78,420	(78,420)	--
Finance costs	57	--	--	--	57	(57)	--

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

For the six-month period ended June 30, 2023

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

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

	<b>Petrochemicals</b>	<b>Fertilisers</b>	<b>Steel</b>	<b>Others</b>	<b>Combined</b>	<b>Adjustments and Elimination</b>	<b>Consolidated</b>
	<b>QR' 000</b>	<b>QR' 000</b>	<b>QR' 000</b>	<b>QR' 000</b>	<b>QR' 000</b>	<b>QR' 000</b>	<b>QR' 000</b>
<b>Revenue</b>							
<i>External customers</i>							
From continued operations	1,950,219	7,952,533	2,459,207	--	12,361,959	(1,950,219)	10,411,740
From discontinued operations	922,082	--	--	--	922,082	(922,082)	--
<b>Total revenue</b>	<b>2,872,301</b>	<b>7,952,533</b>	<b>2,459,207</b>	<b>--</b>	<b>13,284,041</b>	<b>(2,872,301)</b>	<b>10,411,740</b>

	<b>Petrochemicals</b>	<b>Fertilisers</b>	<b>Steel</b>	<b>Others</b>	<b>Combined</b>	<b>Adjustments and Elimination</b>	<b>Consolidated</b>
	<b>QR' 000</b>	<b>QR' 000</b>	<b>QR' 000</b>	<b>QR' 000</b>	<b>QR' 000</b>	<b>QR' 000</b>	<b>QR' 000</b>
<b>Results from continuing operations</b>							
Segment profit before tax	1,160,249	3,307,020	620,738	2,628,475	7,716,482	(2,627,270)	5,089,212
Depreciation and amortisation	166,105	511,864	96,648	136,016	910,634	(166,105)	744,528
Finance costs	1,901	6,593	4,723	--	13,218	(1,901)	11,316
<b>Results from discontinuing operations</b>							
Segment profit before tax	343,399	--	--	--	343,399	--	343,399
Depreciation and amortisation	80,108	--	--	--	80,108	(80,108)	--
Finance costs	101	--	--	--	101	(101)	--

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, 2023

#### 24. SEGMENT INFORMATION (CONTINUED)

##### Operating segments (continued)

Revenues of approximately QR 3,742 million (June 30, 2022: QR. 7,952million) 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 2023, 74% is earned in Qatar (2022: 86%), 7% earned in UAE (2022: 4%) 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, 2023 and December 31, 2022.

Segment assets	Petrochemicals QR’ 000	Fertilisers QR’ 000	Steel QR’ 000	Others QR’ 000	Adjustments and eliminations	Total
					QR’ 000	QR’ 000
<b>At June 30, 2023 (Reviewed)</b>	<b>8,241,535</b>	<b>13,126,713</b>	<b>7,467,423</b>	<b>22,107,330</b>	<b>(10,916,585)</b>	<b>40,026,416</b>
At December 31, 2022	9,099,792	14,940,922	7,714,503	25,821,140	(12,571,595)	45,004,762

#### 25. 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, 2023 (Reviewed) QR’ 000	December 31, 2022 (Audited) QR’ 000
Letters of credit	115,755	6,953
Bank guarantees	1,759	4,046

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

For the six-month period ended June 30, 2023

**25. CONTINGENCIES (CONTINUED)**

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

	<u>Total</u> QR' 000
<b>As at June 30, 2023 (Reviewed)</b>	
Bank guarantees	417
Letters of credit	<u>10,032</u>
	<u>10,449</u>
	<u>Total</u> QR' 000
As at December 31, 2022 (Audited)	
Bank guarantees	1,785
Letters of credit	<u>10,032</u>
	<u>11,817</u>

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

***Site restoration obligation***

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

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

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

***Tax assessment for the years 2012 to 2016 and 2018***

The General Tax Authority ("GTA") issued income tax assessments to certain components of the Group for the years from 2012 to 2016 and 2018, requiring the components to pay additional taxes and penalties of QR 894.9 million. This includes penalties amounting to QR 459.8 million mainly on the contention that the components have not paid the income tax related to the share of IQ during those years.

Certain components have submitted formal objections, as per the requirement of the tax law, rejecting the full amount claimed by the GTA and certain components the Group filed an appeal before Court of Appeal, administrative circuit and the final judgement yet to be issued as of reporting date.

## INDUSTRIES QATAR Q.P.S.C.

### NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six-month period ended June 30, 2023

#### 25. CONTINGENCIES (CONTINUED)

##### *Tax assessment for the years 2012 to 2016 and 2018 (continued)*

Further, as per the terms of the MOU (Note 17), the Ministry of Finance (“MoF”) undertakes to settle any income tax amounts payable by the Group for the previous years’ directly to the GTA. Management has concluded that it is probable (i.e., it is more likely than not) that the General Tax Authority/ Court of Appeal 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.

#### 26. 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:

	<b>June 30, 2023 (Reviewed) QR’ 000</b>	<b>December 31, 2022 (Audited) QR’ 000</b>
Property, plant and equipment	<b><u>2,173,673</u></b>	<b><u>2,295,431</u></b>

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

	<b>QAPCO QR’ 000</b>	<b>QAFAC QR’ 000</b>	<b>Total QR’ 000</b>
<b>As at June 30, 2023 (Reviewed)</b>			
Capital commitments	<b><u>460,073</u></b>	<b><u>40,556</u></b>	<b><u>500,629</u></b>
	<b>QAPCO QR’ 000</b>	<b>QAFAC QR’ 000</b>	<b>Total QR’ 000</b>
<b>As at December 31, 2022 (Audited)</b>			
Capital commitments	<b><u>459,091</u></b>	<b><u>53,335</u></b>	<b><u>512,426</u></b>

#### 27. 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 8, 2023.