Notice to the Shareholders of Industries Qatar Q.P.S.C.

صنـاعـات قـطـر
Industries Qatar

Notice to the Shareholders of Industries Qatar Q.P.S.C.

We are pleased to invite you to attend the Company's Ordinary General Assembly Meeting to be held on Wednesday, 6th March 2024 at 3:30 p.m. Doha Time, in Al-Rayyan Ballroom, Sheraton Hotel, Doha. In case a quorum is not met, a second meeting will be held on Wednesday, 20th March 2024 at the same location at 10:00PM.

Agenda of the Ordinary General Assembly Meeting

1. Listen to the H.E. Chairman's message for the financial year ended 31st December 2023.
2. Approve the Board of Directors' report on IQ's operations and financial performance for the financial year ended 31st December 2023.
3. Listen and approve the Auditor's Report on IQ's consolidated financial statements for the financial year ended 31st December 2023.
4. Discuss and approve IQ's consolidated financial statements for the financial year ended 31st December 2023.
5. Present and approve 2023 Corporate Governance Report.
6. Approve the Board's recommendation for a dividend payment of QR 0.78 per share for 2023, representing 78% of the nominal share value.
7. Absolve the Board of Directors from liability for the year ended 31st December 2023 and fix their remuneration.
8. Appoint the external auditor for the financial year ending 31st December 2024 and approve their fees.

H.E. Mr. Saad Sherida Al-Kaabi
Chairman and Managing Director
Industries Qatar

Notes

1. Each shareholder shall have the right to attend the meeting of the General Assembly and shall have a number of votes that equals the number of shares owned thereby. Resolutions shall be passed by an absolute majority of shares duly represented therein, without prejudice to the provisions of the Company's Articles of Association.
2. Minors and the interdicted persons shall be represented by their legal guardians.
3. Any shareholder that is a company may authorize any one person to act as its representative at any meeting of the General Assembly.
4. Attendance by proxy at the General Assembly meeting is permitted, provided that the proxy is a shareholder and that the proxy is specific and in writing. A shareholder may not appoint a Board Director to act as his proxy at the meeting of the General Assembly. Proxy form can be downloaded from the Company's website: www.iq.com.qa.
5. A shareholder may act as proxy for one or more shareholders of the Company as contemplated under the Company's Articles of Association. In all cases, the number of shares held by the proxy in this capacity shall not exceed (5%) of the Company's share capital.
6. Instruments appointing authorized persons and proxies must be provided to the Company no less than forty-eight (48) hours prior to the commencement of the General Assembly.

Board of Directors Report

Introduction

After reporting one of the most remarkable and successful years since its incorporation in 2022, against the dynamic backdrop of higher energy, commodity prices, and an intricate macroeconomic landscape, the group's financial performance has returned to its median level with stable operations in 2023.

The Board of Directors is pleased to present a commendable set of financial and operating results, mainly driven by subsided product prices against the backdrop of a challenging macro-economic environment; weakening consumer demand amid higher interest rates, and restoration of supplies in major manufacturing economies have pushed the product prices significantly down from 2022 peak. On the other hand, the Group's operations remained solid, with production reaching 16.8 million MTs with facility reliability of 98% and availability of 81%

Macroeconomic review

As the markets ushered in 2023, economic uncertainty cast its shadow, presenting producers and buyers with challenges such as oversupply, thin margins, and soft demand. The global downstream demand, which had propelled the product prices to record highs since late 2021, began to calm down in the second half of 2022 amid escalating interest rates and high inflation. The turbulent macroeconomic environment that characterized 2022 began to show signs of stabilization in 2023.

During the first half of 2023, energy and commodity prices started to decelerate, primarily attributed to the restoration of global supplies. Favorable plant economics, stable raw materials and increased availability of natural gas supplies mainly facilitated this restoration across the segments the group operates. Furthermore, China is gradually returning to its pre-COVID capacity levels, potentially becoming a net exporter in the petrochemical segment.

On the other hand, commodities prices softened notably due to the hawkish monetary policy adopted by several Central Banks to curb borrowing and spending, effectively mitigating inflationary pressures. The interest rate increases directly impacted the global GDP, resulting in weakened consumer spending and reduced investment expenditure. Muted consumer spending significantly affected the demand for most commodities across our product portfolio.

Additionally, the rise in interest rates has indirectly influenced commodity demand. The strengthening of the US Dollar, driven by higher interest rates, rendered commodities less affordable for consumers. These macroeconomic factors underscore the volatile dynamics shaping the global economic landscape in 2023 which have directly affected the Group's financial results.

Strategic business review

Our low-cost operating model, driven by integrated business synergies, economies of scale and scope, and operational optimization, has enabled us to sail through the uncertain business environment. Despite macro-economic volatility, we maintained operations across all our facilities at near full capacity leading to commendable operating and financial results. This was achieved through greater operational excellence, building flexibility into operating models.

Our robust global supply chain models have consistently supported us in delivering resilience, offering operational flexibility during the turbulent period characterized by marketing and logistic uncertainties. Our marketing partner, Muntajat, successfully ensured business continuity with optimum netbacks available in the market by exploring arbitrage opportunities within various geographies and leveraging economies of scale to minimize operating costs. Our unwavering commitment to maintaining a competitive-cost profile ensured operational stability and played a pivotal role in generating competitive operating and financial results.

Capital expenditure (CAPEX) and business development.

During the financial year 2023, the Group spent QR 2.8 billion in CAPEX. The primary nature of these expenditures was mainly related to turnaround, reliability, health, safety and environmental (HSE) projects, along with initial spending on the new blue ammonia train (Qafco-7) and the PVC project. The capital expenditure related to Qafco-7 was QR 1.0 billion, while for QVC was QR 40 million.

For the next five years (2024-28), the Group's planned capital expenditure will be QR 10.8 billion. A significant portion of this spending will be related to the new blue ammonia train (Qafco-7), amounting to QR 4.2 billion and IQ's share of CAPEX in the new PVC project amounting to QR 0.3 billion.

Once the Qafco-7 is commercially launched in early 2026, the group's fully owned subsidiary, QAFCO will revamp the existing ammonia trains 1 and 2 with an approximate capital cost of QR 0.5 billion. While output from ammonia trains 1 and 2 are expected to feed to urea trans 1 and 2, the production of Qafco-7 (1.2 million tons per annum (MTPA) will be sold as ammonia in the commercial market in collaboration with QatarEnergy Renewable Solution (QERS).

In 2022, the Group's indirect joint venture Qatar Vinyl Company (QVC) signed and awarded an Engineering, Procurement, Construction (EPC) contract valued at USD 239 million to invest in a new PVC (Polyvinyl Chloride) facility that will have a production capacity of 350,000 metric tons per annum. The project is progressing as per its critical path and expected to be completed by Q2-2025. This investment underscores the Group's commitment to diversify further downstream, reducing the import dependency on PVC in the State.

The Group's steel subsidiary, Qatar Steel, proudly holds the position of being the leading steel seller in the domestic market with few re-rollers competing for a minor share of market. As part of strategically repositioning itself and consolidating its market position, Qatar Steel acquired 100% of domestic rolling mill Al-Qataria Steel for QR 346 million. While the acquisition provides market consolidation, it also adds product diversification capabilities to Qatar Steel as Al-Qataria Steel mill has rerolling capacity for wire-rod coils. The acquisition will bring several synergy benefits via billet procurement, cost optimization, and operational rationalization.

In addition to the above, the Group will continue to invest on its core recurrent CAPEX programs with critical importance to improve asset integrity, operational efficiency, reliability, cost optimization, capacity de-bottlenecking, HSE enhancement, environment, sustainability, and regulatory compliance.

Cost and operational optimization

As the group entities operate within highly volatile and competitive industries, the Group's consolidated financial performance and cash flow generations are linked to market fluctuations, especially in commodity prices. Given the macroeconomic variables' unpredictable and challenging nature, maintaining cost and operational efficiencies is pivotal for the Group.

In response to such an uncertain macroeconomic environment, the Group entities continued their focus on cost and operational optimization strategies, which are being persistently implemented and reviewed. These measures, among others, include rationalizing OPEX and CAPEX programs, adjusting production capacities to improve raw material yields and optimizing resources. Such measures have improved the Group's variable and fixed operating cost structures over the years, linking to improved profitability margins and robust cash flow generation. The Group also set-up cross functional teams to rigorously review the overall business value chain to improve profitability and maximize shareholder returns.

Financial performance

Considering challenging macro-economic conditions marked by waning demand and surplus capacities, the financial performance reported by the group stands as a commendable achievement. Amid demand was subdued, the ability to operate at full capacity and surpass the previous year's sales can be attributed to the success of its low-cost operating structure model. This resilience in adverse economic conditions underscores the strength and adaptability embedded in the group's operational strategy.

Revenue: Total proportionate revenue for the year ended 31st December 2023 amounted to QR 16.9 billion, a decrease of 34 % over last year. On the other hand, the reported revenue according to IFRS 11 amounted to QR 11.7 billion, shown a decrease of 38 % versus last year.

This reduction in group revenue (based on non-IFRS based proportionate consolidation) during the current year was mainly attributed to marked reduction in blended average realized selling prices, which decreased by 34% versus last year and translated into a decrease of QR 8.7 billion in Group's net earnings versus last year.

Group's sales volumes marginally decreased by 1% versus last year, primarily driven by lowered volumes in all operating segments except steel segment. Sales volumes broadly impacted by a marginally lower production and challenging prevailing market conditions.

Profits & Margins: Net profit for the year amounted to QR 4.7 billion, markedly down on last year by 46%, while Group's EBITDA reached to QR 6.2 billion with a decrease of 44% versus last year. This marked decrease in profitability was mainly driven by reduced product prices leading to lower revenues partially offset by improved operating costs, and other income and ultimately led to marginal bottom-line profitability.

Financial position and cash flows

Despite navigating through a landscape of volatility and competition, the group stands firm with a resilient financial position while sustaining stability in its cash flow generation capabilities.

The Group began the year with a total cash and balance of QR 19.2 billion. During the year the Group generated total operating cash flows of QR 5.4 billion and generated free cash-flows to firm of QR 2.7 billion. With the payment of last year's dividends of QR 6.7 billion, the Group was able to generate a net cash out flow of QR 3.4 billion during the current year and closed the year with a total cash and bank balance of QR 15.8 billion.

Group's reported total assets and total equity reached QR 43.1 billion and QR 40.0 billion, respectively, as of 31st December 2023. Currently, the Group has neither short-term nor long-term financial debt.

IQ's continued strong financial and liquidity position, together with its robust cashflow generation, is a testament to its prudent asset management policies, competitive cost position, efficient operating asset base, prudent financial and operating policies that lead to efficient and robust cash flow generation capabilities, with a strong and reliable operating asset base.

A strong financial and liquidity position is critical to the Group to safeguard against instability and market volatilities and allowing flexibility to opportunistically consider CAPEX projects, and acquisitions to create long-term shareholder value.

Proposed dividend distribution

A total dividend of more than QR 67 billion has been distributed to shareholders since the Group's incorporation, with a payout ratio of more than 67% is clear evidence of the Board's commitment to persistently creating a strong shareholder value with robust yields, while also ensuring appropriate liquidity is maintained for the current and future capital projects and unexpected adversities.

With these considerations coupled with a macroeconomic forecast linking to business outlook, future growth strategies, and capital expenditure requirements, the Board of Directors proposes a total annual dividend distribution for the year ended 31 December 2023 amounting to QR 4.7 billion, equivalent to a payout of QR 0.78 per share, representing a payout ratio of 100% of net earnings and a dividend yield of 6% as of 31st December 2023's closing share price.

Conclusion

The Board of Directors is grateful to His Highness the Amir Sheikh Tamim bin Hamad Al Thani for his wise leadership, and unwavering support and guidance to Qatar's energy sector. The Board of Directors also expresses its profound gratitude to H.E. Mr. Saad Sherida Al-Kaabi, Minister of State for Energy Affairs, Chairman of the Board of Directors and Managing Director, for his vision and wise leadership, and to the senior management of the Group companies for their hard work, commitment, and dedication. Also, we are thankful to our privileged shareholders for their ongoing support and trust.

1. Total proportionate revenue is computed based on non-IFRS proportionate consolidation, i.e., including revenue from fully owned subsidiaries, plus share of revenue from directly and indirectly held joint ventures.
2. Reported revenue refers to the revenue reported in the consolidated financial statements in line with the requirements of IFRS 11, representing revenue from fully owned subsidiaries only, i.e., QAFCO and Qatar Steel, without including share of revenue from directly and indirectly held joint ventures.
3. Based on non-IFRS proportionate consolidation, i.e., including cash and bank balances from fully owned subsidiaries, plus share of cash and bank balances from directly and indirectly held joint ventures
4. Based on non-IFRS proportionate consolidation, including operating cash flows and CAPEX of fully owned subsidiaries and joint ventures
5. Includes cash and bank balances across the Group based on non-IFRS proportionate consolidation.

FOR MORE INFORMATION ABOUT THE MEETING AGENDA MATERIALS, PLEASE VISIT **WWW.IQ.COM.QA** OR EMAIL US AT: **IQ@QATARENERGY.QA** OR CALL US AT: **+974 4013 2080**

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2023

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Industries Qatar Q.P.S.C. (the "Company"), and its subsidiaries (together the "Group"), which comprise the consolidated statement of financial position as at December 31, 2023, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS Accounting Standards) (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the A*udit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Group's consolidated financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Revenue recognition Total revenue recognized by the Group during the year amounted to QR. 11,744 million. As disclosed in note 9, the Group's share of the combined results from the joint ventures (QAPCO and QAFAC) was QR. 1,360 million for the year. With the exception of one subsidiary, the majority of the revenue earned by subsidiaries and joint ventures is from a single customer. According to the revenue recognition policy, revenue from sale of products is recognized when the Group has transferred control of the products to the customer. This normally occurs at the point of delivery. Terms of delivery are specified in the contracts. ISAs require us to consider the risk of fraud related to revenue recognition. There is an inherent risk of fraud given the high value of transactions and price fluctuations of the products affecting the revenue recognized for the year. We identified the recognition of revenue as a key audit matter, because of the high values of individual shipments. The potential errors relating to occurrence and accuracy of revenue could result in material misstatements in the financial statements of the Group when it recognises revenue and its share of each joint venture's net income under the equity method of accounting. The following notes to the consolidated financial statements contain further information relating to the above: Note 3 – Basis of preparation and material accounting policy information Note 4 – Critical Judgments and Key Sources of Estimation Uncertainty Note 9 – Investments in Joint Ventures Note 24 – Revenue	Our procedures in relation to revenue recognition from sales made by the subsidiaries and individual joint ventures are as follows: • Understanding and evaluating the design, implementation and operating effectiveness of the internal controls over revenue recognition of the Group and joint venture companies. • Understanding, evaluating and testing the Group and joint venture companies' revenue process, accounting policies against the requirements of IFRSs, and our understanding of the business and related industry practice. • Reviewing the terms of the revenue contracts of the Group and joint venture companies with their customers. • Performing test of details to verify occurrence and accuracy of revenue transactions on a sample basis. • Performing substantive analytical procedure for each of the revenue streams in order to identify any significant deviations from expectations based on the understanding of each of the revenue streams business process and procedures. • Obtaining and inspecting, on a sample basis, a confirmation including the statements of the major customer of the Group and joint venture companies and agreeing them to the accounting records. • Evaluating the disclosures relating to revenue to determine if they are in compliance with the requirements of IFRSs.

Other Information

Management is responsible for the other information. The other information comprises the Board of Directors' Report but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Annual Report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the complete Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs and their preparation in compliance with the applicable provisions of Qatar Commercial Companies' Law and the Company's article of association, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

» Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

» Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

» Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

» Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

» Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

» Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law and regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Further, as required by the Qatar Commercial Companies Law, we report the following:

» We are of the opinion that proper books of account were maintained by the Company.

» We obtained all the information and explanations which we considered necessary for the purpose of our audit.

» To the best of our knowledge and belief and according to the information given to us, no contraventions of the applicable provisions of Qatar Commercial Companies Law and the Company's Articles of Association were committed during the year which would materially affect the Company's financial position or its financial performance.

Doha - Qatar
February 8, 2024

For Deloitte & Touche
Qatar Branch

Midhat Salha
Partner
License No. 257
QFMA Auditor License No. 120156

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31st December 2023

	Notes	As at December 31 2023 QR '000	2022 QR '000
ASSETS			
Non-current assets			
Property, plant and equipment	7	**13,357,311**	11,685,109
Capital project advances	7	**175,041**	192,374
Investments in associates	8	**1,810,706**	1,890,060
Investments in joint ventures	9	**6,782,965**	7,096,559
Deemed investment	10	**137,797**	35,060
Rights-of-use assets	11	**261,844**	205,372
Intangible asset – license fee		**1,479**	1,602
Advances to an associate	8	**191,493**	--
Total non-current assets		**22,718,636**	21,106,136
Current assets			
Inventories	13	**2,833,277**	3,104,908
Trade and other receivables	14	**2,665,434**	3,477,382
Financial assets at fair value through profit or loss	12	**421,079**	397,118
Cash and bank balances	5	**3,564,342**	9,735,354
Fixed deposits	6	**10,849,847**	7,183,864
Total current assets		**20,333,979**	23,898,626
Total assets		**43,052,615**	45,004,762
EQUITY AND LIABILITIES			
EQUITY			
Share capital	15	**6,050,000**	6,050,000
Legal reserve	16	**271,942**	271,059
Hedging reserve	16	**(7,873)**	(8,156)
Other reserve	16	**(54,392)**	(49,728)
Retained earnings		**33,699,253**	35,739,722
Equity attributable to equity holders of the parent		**39,958,930**	42,002,897
Non-controlling interest		**17,411**	16,651
Total equity		**39,976,341**	42,019,548
LIABILITIES			
Non-current liabilities			
Lease liabilities	11	**334,046**	295,247
Employees' end of service benefits	19	**472,123**	465,977
Total non-current liabilities		**806,169**	761,224
Current liabilities			
Trade and other payables	20	**2,220,044**	2,132,188
Lease liabilities	11	**47,738**	91,012
Income tax payable	23	**2,323**	790
Total current liabilities		**2,270,105**	2,223,990
Total liabilities		**3,076,274**	2,985,214
Total equity and liabilities		**43,052,615**	45,004,762

These consolidated financial statements were prepared by the Group and approved and authorized for issue by the Board of Directors on February 8, 2024 and signed on their behalf by:

Saad Sherida Al-Kaabi
Chairman and Managing Director

Abdulaziz Mohammed Al Mannai
Vice Chairman

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

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31st December 2023

	Notes	Year ended December 31 2023	2022
		QR '000	QR '000
Revenues	24	**11,744,032**	18,793,594
Cost of sales	25	**(9,216,464)**	(12,671,613)
Gross profit		**2,527,568**	6,121,981
General and administrative expenses	28	**(739,813)**	(679,747)
Selling and distribution expenses		**(79,483)**	(68,416)
Share of net results of investment in joint ventures	9	**1,359,961**	2,460,433
Share of net results of investment in associates	8	**281,636**	427,855
Income from investments	27	**832,080**	476,470
Reversal of impairment losses	7 & 8	**610,000**	--
Finance cost		**(28,528)**	(23,650)
Other income – net	26	**(38,984)**	101,228
Profit before tax		**4,724,437**	8,816,154
Income tax	23	**(1,648)**	(790)
Profit for the year		**4,722,789**	8,815,364
Attributable to:			
Equity holders of the parent		**4,720,139**	8,814,654
Non-controlling interest		**2,650**	710
		4,722,789	8,815,364
Earnings per share			
Basic and diluted earnings per share (QR per share)	22	**0.78**	1.46

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
For the year ended 31st December 2023

	Notes	Year ended December 31 2023	2022
		QR '000	QR '000
Profit for the year		**4,722,789**	8,815,364
Other comprehensive income / (loss)			
Items that will not be reclassified subsequently to profit or loss:			
Share of other comprehensive income of investment in Subsidiary			
Net unrealised loss on defined benefit obligation	19	**(1,752)**	(24,050)
Share of other comprehensive income of investment in joint ventures			
Net unrealised loss on defined benefit obligation	9	**(2,912)**	(16,864)
Items that may be reclassified subsequently to profit or loss			
Share of other comprehensive income of investment in associates			
Movement in cash flow hedges	8	**283**	(3,346)
Other comprehensive loss for the year		**(4,381)**	(44,260)
Total comprehensive income for the year		**4,718,408**	8,771,104
Attributable to:			
Equity holders of the parent		**4,715,768**	8,770,394
Non-controlling interest		**2,640**	710
		4,718,408	8,771,104

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31st December 2023

	Notes	Year ended December 31 2023	2022
		QR '000	QR '000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax for the year		**4,724,437**	8,816,154
Adjustments for:			
Depreciation of property, plant and equipment and amortization of intangible assets		**1,463,129**	1,467,276
Amortisation of right-of-use assets	11	**40,433**	30,709
Impairment loss reversed during the year		**(610,000)**	--
Provision for employees' end of service benefits	19	**68,109**	62,145
Share of net results from joint ventures	9	**(1,359,961)**	(2,460,433)
Share of net results from associates	8	**(281,636)**	(427,855)
Loss on disposal of property, plant and equipment		**1,182**	21,818
Dividend income from financial assets at fair value through profit or loss	27	**(19,149)**	(15,588)
Reversal of expected credit losses on trade and other receivables		**(97)**	(229)
Fair value gains from financial assets at fair value through profit or loss		**(23,961)**	(48,608)
Finance costs		**28,528**	23,650
Reversal / (write off) of provision for inventory		**(8,896)**	413
Provision for obsolete and slow-moving inventories		**5,541**	42,711
Interest income	27	**(812,931)**	(460,882)
Gain on lease modifications		**--**	(22,038)
Operating cash flows before changes in working capital		**3,214,728**	7,029,243
Changes in working capital			
Inventories		**274,983**	(1,143,157)
Trade and other receivables		**837,486**	1,144,509
Trade and other payables		**180,557**	233,869
Cash generated from operations		**4,507,754**	7,264,464
Payments of end of service benefits		**(69,940)**	(55,308)
Payments of income tax		**(115)**	(669)
Social and sports contribution fund paid		**(206,654)**	(199,004)
Net cash generated from operating activities		**4,231,045**	7,009,483
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposals of property, plant and equipment		**28**	228
Additions to property, plant and equipment and catalysts		**(2,214,405)**	(598,963)
Capital project advances movements	7	**--**	(192,374)
Dividends received from associate	8	**421,273**	111,760
Net consideration paid on acquisition of subsidiary	31	**(345,080)**	--
Deemed Investment		**(102,735)**	(35,060)
Dividends received from financial assets at fair value through profit or loss	27	**19,149**	15,588
Dividends and tax benefits received from joint ventures	9	**1,670,643**	2,169,609
Advances to an associate		**(191,493)**	--
Movement in fixed deposits	6	**(3,665,983)**	2,295,613
Interest income received		**792,125**	422,226
Net cash (used in)/ generated from investing activities		**(3,616,478)**	4,188, 627
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid related to lease liability		**(20,751)**	(13,729)
Repayment of principal related to lease liability		**(102,310)**	(20,208)
Finance costs paid		**(1,566)**	(1,282)
Dividends paid		**(6,656,890)**	(6,051,080)
Net cash used in financing activities		**(6,781,517)**	(6,086,299)
Net (decrease) /increase in cash and cash equivalents		**(6,166,950)**	5,111,811
Cash and cash equivalents at beginning of year		**9,626,954**	4,515,143
Cash and cash equivalents at end of year	5	**3,460,004**	9,626,954

Notes to cash flow statement:

The following non-cash activities are entered into by the Group and are not reflected in the consolidated statement of cash flows:

- During the year 2023, the Group recognized additional right of use assets and lease liabilities amounting to QR 91.11 million (2022: QR 138.96 million).
- During the year 2023, the Group recognized lease modifications resulting reduction right of use assets and lease liabilities amounting to QR Nil (2022: QR 89.78 million) and QR Nil (2022: QR 111.82 million), respectively.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31st December 2023

	Notes	Share capital	Legal reserve	Hedging reserve	Other reserve	Retained earnings	Attributable to owners of the parent	Non-controlling interest	Total equity
		QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000
Balance at January 1, 2022		6,050,000	195,856	(4,810)	(8,814)	33,261,035	39,493,267	17,021	39,510,288
Profit for the year		--	--	--	--	8,814,654	8,814,654	710	8,815,364
Other comprehensive income for the year		--	--	(3,346)	(40,914)	--	(44,260)	--	(44,260)
Total		6,050,000	195,856	(8,156)	(49,728)	42,075,689	48,263,661	17,731	48,281,392
Dividends declared for 2021		--	--	--	--	(6,050,000)	(6,050,000)	(1,080)	(6,051,080)
Social and sports contribution fund	17	--	--	--	--	(210,764)	(210,764)	--	(210,764)
Transfer to legal reserve	16	--	75,203	--	--	(75,203)	--	--	--
Balance at December 31, 2022		6,050,000	271,059	(8,156)	(49,728)	35,739,722	42,002,897	16,651	42,019,548
Balance at January 1, 2023		**6,050,000**	**271,059**	**(8,156)**	**(49,728)**	**35,739,722**	**42,002,897**	**16,651**	**42,019,548**
Profit for the year		**--**	**--**	**--**	**--**	**4,720,139**	**4,720,139**	**2,650**	**4,722,789**
Other comprehensive loss for the year		**--**	**--**	**283**	**(4,664)**	**--**	**(4,381)**	**--**	**(4,381)**
Total		**6,050,000**	**271,059**	**(7,873)**	**(54,392)**	**40,459,861**	**46,718,655**	**19,301**	**46,737,956**
Dividends declared for 2022		--	--	--	--	**(6,655,000)**	**(6,655,000)**	**(1,890)**	**(6,656,890)**
Social and sports contribution fund	17	--	--	--	--	**(108,836)**	**(108,836)**	--	**(108,836)**
Social and sports contribution refund		--	--	--	--	**4,111**	**4,111**	--	**4,111**
Transfer to legal reserve	16	--	**883**	--	--	**(883)**	--	--	--
Balance at December 31, 2023		**6,050,000**	**271,942**	**(7,873)**	**(54,392)**	**33,699,253**	**39,958,930**	**17,411**	**39,976,341**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Industries Qatar Q.P.S.C. (the "Company" or "IQ") is a Qatari Public Shareholding Company, incorporated in the State of Qatar on April 19, 2003, in accordance with Qatar Commercial Companies' Law No. 5 of 2002, as replaced by Qatar Commercial Companies' Law number 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 Company'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 31 The structure of the Group, included in this consolidated financial information is as follows:

	Type of interest	Country of incorporation	Percentage of holding 2023	2022
Qatar Steel Company Q.P.S.C. (Qatar Steel)	Subsidiary	Qatar	**100%**	100%
Qatar Steel Company FZE (Dubai)	Subsidiary	UAE	**100%**	100%
Al Qataria for Production of Reinforcing Steel W.L.L.	Subsidiary	Qatar	**100%**	--
Qatar Fertiliser Company P.S.C. (QAFCO)	Subsidiary	Qatar	**100%**	100%
Gulf Formaldehyde Company (P.Q.S.C.) (GFC)	Subsidiary	Qatar	**70%**	70%
Qatar Melamine Company (P.Q.S.C.) (QMC)	Subsidiary	Qatar	**100%**	100%

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

	Type of interest	Country of incorporation	Percentage of holding 2023	2022
Qatar Petrochemical Company 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%
SOLB Steel Company (SSC)	Associate	KSA	**31.03%**	31.03%
Qatar Metals Coating Company W.L.L.	Associate	Qatar	**50%**	50%
Foulath Holding B.S.C.	Associate	Bahrain	**25%**	25%

Qatar Steel Company Q.P.S.C. ("QATAR STEEL"), a Qatari Private Shareholding Company incorporated in the State of Qatar, and wholly owned by IQ. Qatar Steel is engaged in manufacturing of steel billets and reinforcing bars for sale in the domestic and export markets.

Qatar Steel Company FZE (Dubai), a fully owned subsidiary with limited liability incorporated in Dubai on July 22, 2003 pursuant to Dubai Law No. 9 of 1992 and implementing the regulations of the Jebel Ali Free Zone Authority.

Al Qataria for Production of Reinforcing Steel W.L.L. (Al-Qataria), a company with limited liability incorporated in the State of Qatar, and wholly owned by Qatar Steel. Al-Qataria is engaged in the production of reinforcing steel. The principal activities of Al-Qataria include the production of billets – rebars and trading of iron (Note 31).

Qatar Fertiliser Company (P.S.C.) ("QAFCO"), a Qatari Private Shareholding Company incorporated in the State of Qatar, and wholly owned by IQ. QAFCO is engaged in the production and sale of Urea and Ammonia.

Gulf Formaldehyde Company (P.Q.S.C.) (GFC), a Private Qatari Shareholding Company incorporated in the State of Qatar, whose 70% of shares are owned by QAFCO and 30% of shares are owned by Qatar Industrial Manufacturing Company (Q.S.C.). GFC is engaged in the production and sale of Urea Formaldehyde Concrete.

Qatar Melamine Company (P.Q.S.C.) (QMC), a Qatari Private Shareholding Company incorporated in the State of Qatar, and wholly owned by QAFCO. QMC is engaged in the production and sale of Melamine. During the year, based on an internal review, the Group is considering transferring of the QMC's assets to QAFCO through a merger process. As of December 31, 2023, the merger process is contingent upon further approvals and the fulfilment of legal and regulatory requirements.

Qatar Petrochemical Company (QAPCO) Q.P.J.S.C., a Qatari Private Joint Shareholding Company incorporated in the State of Qatar, is a joint venture between IQ (80%) and TotalEnergies Petrochemicals France S.A. (20%). QAPCO is engaged in the production and sale of ethylene, polyethylene, hexane and other petrochemical products.

Qatar Fuel Additives Company Limited Q.P.S.C. ("QAFAC"), a Qatari Private Shareholding Company incorporated in the State of Qatar, is a joint venture between IQ (50%), OPIC Middle East Corporation (20%), International Octane LLC (15%) and LCY Middle East Corporation (15%), a body corporate formed under the laws of the British Virgins Islands. QAFAC is engaged in the production and export of methyl-tertiary-butyl-ether (MTBE) and methanol.

QAFAC formation is governed by Consolidated Joint Venture Agreement (CJVA) which is expiring in June 2024. Thereafter, the CJVA provides for the transfer of all the shares to IQ leaving IQ as the sole shareholder of QAFAC. IQ has issued a letter of Comfort providing assurance that it intends to continue the operations of QAFAC as a going concern for ten (10) years following expiry of the CJVA. In addition, certain core agreements such as the QAFAC's Land Lease Agreement and the Butane and Gas Feedstock Sales and Purchase Agreement shall also expire along with the expiry of CJVA. QatarEnergy, as butane and gas supplier and lessor, has issued a Letter of Comfort providing that the mentioned core agreements will be extended for a period of (10) years beyond the expiry of the CJVA on terms to be agreed.

The consolidated financial statements of the Group for the year ended December 31, 2023 were approved and authorised for issue by the Board of Directors on February 8, 2024.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS ACCOUNTING STANDARDS)

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS recently issued by the IASB and International Financial Reporting Interpretations Committee ("IFRIC") interpretations effective as of January 1, 2023:

2.1 New and amended IFRS Standards and interpretations that are effective for the current year

The following new and revised IFRS Accounting Standards, which became effective for annual periods beginning on or after January 1, 2023, have been adopted in these consolidated financial statements. The application of these revised IFRS Accounting Standards has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

New and revised IFRSs	**beginning on or after**
IFRS 17 Insurance Contracts (including the June 2020 and December 2021 amendments to IFRS 17)	January 1, 2023

IFRS 17 outlines a general model, which is modified for insurance contracts with direct participation features, described as the variable fee approach.

The general model is simplified if certain criteria are met by measuring the liability for remaining coverage using the premium allocation approach.

The general model uses current assumptions to estimate the amount, timing and uncertainty of future cash flows and it explicitly measures the cost of that uncertainty. It takes into account market interest rates and the impact of policyholders' options and guarantees.

In June 2020, the IASB issued Amendments to IFRS 17 to address concerns and implementation challenges that were identified after IFRS 17 was published. The amendments defer the date of initial application of IFRS 17 (incorporating the amendments) to annual reporting periods beginning on or after January 1, 2023. At the same time, the IASB issued Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4) that extends the fixed expiry date of the temporary exemption from applying IFRS 9 in IFRS 4 to annual reporting periods beginning on or after January 1, 2023.

IFRS 17 must be applied retrospectively unless impracticable, in which case the modified retrospective approach or the fair value approach is applied.

For the purpose of the transition requirements, the date of initial application is the start if the annual reporting period in which the entity first applies the Standard, and the transition date is the beginning of the period immediately preceding the date of initial application.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies — January 1, 2023

The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term 'significant accounting policies' with 'material accounting policy information'. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates — January 1, 2023

The IASB has amended IAS 8 to define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". Accounting policies may require items in financial statements to be measured in a way that involves measurement uncertainty—that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

The IASB has retained the concept of changes in accounting estimates in the Standard, even though the definition was deleted, with the following clarifications:

- A change in accounting estimate that results from new information or new developments is not the correction of an error.
- The effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

The IASB added two examples (Examples 4-5) to the Guidance on implementing IAS 8, which accompanies the Standard. The IASB has deleted one example (Example 3) as it could cause confusion in light of the amendments.

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction — January 1, 2023

The amendments provide a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences.

Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting nor taxable profit. For example, this may arise upon recognition of a lease liability and the corresponding right-of-use asset applying IFRS 16 at the commencement date of a lease.

Following the amendments to IAS 12, an entity is required to recognize the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

The IASB also adds an illustrative example to IAS 12 that explains how the amendments are applied.

The amendments apply to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, at the beginning of the earliest comparative period an entity recognises:

- A deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary differences associated with:
  - Right-of-use assets and lease liabilities
  - Decommissioning, restoration and similar liabilities and the corresponding amounts recognised as part of the cost of the related asset.
- The cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date.

Amendments to IAS 12 Income Taxes —International Tax Reform—Pillar Two Model Rules — January 1, 2023

The IASB amends the scope of IAS 12 to clarify that the Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the OECD, including tax law that implements qualified domestic minimum top-up taxes described in those rules.

The amendments introduce a temporary exception to the accounting requirements for deferred taxes in IAS 12, so that an entity would neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.

2.2 New and amended IFRS Accounting Standards in issue but not yet effective and not early adopted

The Group has not early adopted the following new and amended standards and interpretations that have been issued but are not yet effective.

New and revised IFRSs	**Effective for annual periods beginning on or after**
Amendments to IAS 1 Presentation of Financial Statements Classification of Liabilities as Current or Non-current	January 1, 2024. Early application permitted

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

In November 2022, IAS 1 has been amended to specify that only covenants an entity must comply with on or before the reporting period should affect classification of the corresponding liability as current or noncurrent.

An entity is required to disclose information in the notes that enables users of financial statements to understand the risk that non-current liabilities with covenants could become repayable within twelve months.

The 2022 amendments deferred the effective date of the amendments to *IAS 1 Classification of Liabilities as Current or Non-current* published in January 2020 by one year to annual reporting periods beginning on or after January 1, 2024.The amendments are applied retrospectively.

Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture — Available for optional adoption/ effective date deferred indefinitely

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

Amendments to IFRS 16 Leases: Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions — January 1, 2024. Early application permitted.

The amendments requires a seller-lessee to subsequently measure lease liabilities by determining "lease payments" and "revised lease payments" arising from a leaseback in a way that it does not recognise any amount of the gain or loss that relates to the right of use it retains. The new requirements do not prevent a seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

Without these new requirements, a seller-lessee may have recognised a gain on the right of use it retains solely because of a remeasurement of the lease liability (for example, following a lease modification or change in the lease term) applying the general requirements in IFRS 16. This could have been particularly the case in a leaseback that includes variable lease payments that do not depend on an index or rate.

A seller-lessee applies the amendments retrospectively in accordance with IAS 8 to sale and leaseback transactions entered into after the date of initial application, which is defined as the beginning of the annual reporting period in which the entity first applied IFRS 16.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures—Supplier Finance Arrangements — January 1, 2024. Earlier application is permitted

The amendments add a disclosure objective to IAS 7 stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The term 'supplier finance arrangements' is not defined. Instead, the amendments describe the characteristics of an arrangement for which an entity would be required to provide the information.

To meet the disclosure objective, an entity will be required to disclose in aggregate for its supplier finance arrangements:

- *The terms and conditions of the arrangements;*
- *The carrying amount, and associated line items presented in the entity's statement of financial position, of the liabilities that are part of the arrangements;*
- *The carrying amount, and associated line items for which the suppliers have already received payment from the finance providers;*
- *Ranges of payment due dates for both those financial liabilities that are part of a supplier finance arrangement and comparable trade payables that are not part of a supplier finance arrangement; and*
- *Liquidity risk information*

The amendments, which contain specific transition reliefs for the first annual reporting period in which an entity applies the amendments, are applicable for annual reporting periods beginning on or after January 1, 2024. Earlier application is permitted.

Amendments to IAS 1 Presentation of Financial Statements – Non-Current Liabilities with Covenants — January 1, 2024

In January 2020, the IASB issued amendments to IAS 1 – Classification of Liabilities as Current or Non-current (the 2020 Amendments). One of the requirements prescribed by the 2020 Amendments related to the classification of liabilities subject to covenants (e.g. a bank loan where the lender may demand accelerated repayment if financial covenants are not met). The 2020 Amendments provided that if an entity's right to defer settlement is subject to the entity complying with specified conditions, the right exists at the end of the reporting period only if the entity complies with those conditions at the end of the reporting period. Several concerns were raised about the outcome of these requirements, therefore, the mandatory effective date was deferred. In order to address these concerns, the IASB has now issued the 2022 Amendments.

The 2022 Amendments specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. An entity is required to disclose information about these covenants in the notes to the financial statements.

The Amendments address the concerns raised by stakeholders on the effects of the amendments to IAS 1 Classification of Liabilities as Current or Non-current related to classification of liabilities with covenants. Under the 2022 Amendments, a covenant affects whether right to defer settlement exists at the end of the reporting period if compliance with the covenant is required on or before the end of the reporting period.

The amendments are applied retrospectively with early application permitted.

Amendments to IAS 21 - Lack of Exchangeability — January 1, 2025. Earlier application is permitted

An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations

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

3. BASIS OF PREPARATION AND MATERIAL ACCOUNTING POLICY INFORMATION

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) as issued by the International Accounting Standards Board (IASB) and the applicable provisions of Qatar Commercial Companies' Law and the Company's article of association.

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for certain revalued assets acquired in a business combination and assets at fair value through profit or loss, which are measured at fair value.

These consolidated financial statements are presented in Qatari Riyals, which is the Group's functional currency. All the financial information has been presented in these consolidated financial statements has been rounded off to nearest thousands (QR. '000) except where otherwise indicated.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to reporting date each year. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Non-controlling interests in subsidiaries, if any, are identified separately from the Group's equity therein. Those interests of non-controlling shareholders that are present ownership interests entitling their holders to a proportionate share of net assets upon liquidation may initially be measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement is made on an acquisition-by-acquisition basis. Other non-controlling interests are initially measured at fair value. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as required/permitted by applicable IFRS Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 when applicable, or the cost on initial recognition of an investment in an associate or a joint venture.

Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5.

Under the equity method, an investment in an associate or a joint venture is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture. When the Group retains an interest in the former associate or a joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate or a joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or a joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed of.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Managing Director ("MD") who is the chief operating decision maker of the Group. The MD is responsible for allocating resources and assessing performance of the operating segments. Additional disclosures on each of these segments are shown in Note 32, including the factors used to identify the reportable segments and the measurement basis of segment information.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of rebates, trade allowances, returns, freight and amounts collected on behalf of third parties including value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the Group; and specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Sale of steel products

The Group manufactures and sells a range of steel products and by-products. Sales of goods are recognised when the Group has delivered products to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Delivery does not occur until the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from sales is measured based on the price specified in the sales contracts, net of the estimated volume discounts and returns at the time of sale. Accumulated experience is used to estimate and provide for the discounts and returns. The volume discounts are assessed based on anticipated annual purchases. No element of financing is deemed present as the sales are made with a credit term of 30 to 90 days.

Sale of fertiliser goods

The Group manufactures and sells urea, ammonia and melamine products. Sales of goods are recognised when the Group has delivered products to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Terms of delivery to customers are specified in the offtake requirements for regulated products. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or possible return of goods.

Service and management charges

Service and management charges relates to management of operation of one of the Group's associates while agency commission relates to management of the marketing activities of the same associate. They are recognised in the accounting period in which the services are rendered.

Leases

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "General and administrative expenses" in profit or loss.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Group has not used this practical expedient.

Foreign currencies

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are recognised in other comprehensive income.

Business combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred. At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any noncontrolling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquire is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the reporting period in which they are incurred.

Depreciation is calculated to allocate the cost of assets over their estimated useful lives on a straight-line basis commencing when the assets become ready for their intended use. The estimated useful lives, residual values and depreciation methods are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

The Group's estimated useful lives on each asset classification are as follows:

Buildings	13 - 25 years or land lease term, whichever is shorter
Plant machinery and equipment	3 - 25 years
Furniture and other equipment	3 - 10 years

Items in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such items are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

Expenditure incurred to replace a component of an item of property, plant and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property, plant and equipment. All other expenditure is recognised in the consolidated statement of profit or loss and other comprehensive income as the expense is incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income in the year the asset is derecognised.

Impairment of non-financial assets

Non-financial assets that are subject to depreciation or amortisation are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows, which are largely independent of the cash inflows from other assets or Groups of assets (cash-generating units).

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each product to its present location and condition, as follows:

- Warehouse inventory - purchase cost after deducting rebates and discounts, on a moving weighted average basis.
- Work-in-progress and finished product inventories - production costs on a moving weighted average basis. The production costs include the cost of direct materials, direct labour and an appropriate allocation of overheads allocated on the basis of normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and that to be incurred to make the sale.

Catalysts

Catalysts are initially recorded at cost. Subsequently, they are measured at cost less accumulated amortisation and any impairment in value. Catalysts are amortised over the estimated useful lives of 1 to 12 years. Catalysts not in use at the plant are kept under inventories and stated at the lower of cost and net realisable value.

Fair value measurement

For measurement and disclosure purposes, the Group determines the fair value of an asset or liability at initial measurement or at each reporting date. 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs Fair value for measurement and/or disclosure purposes in these financial statements is determined on the basis as explained above, except for share-based payment transactions that are within the scope of IFRS 2; leasing transactions that are within the scope of IFRS 16 for current year and measurements that have some similarities to fair value, but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting date.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

(i) Debt instruments designated at amortised cost

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Debt instrument designated at other comprehensive income

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

For financial instruments other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

Amortised cost and effective interest rate method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the "finance income - interest income" line item.

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.

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.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables, contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(1) The financial instrument has a low risk of default;
(2) The borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and
(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(ii) Definition of default

The Group employs statistical models to analyse the data collected and generate estimates of probability of default ("PD") of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors across various geographies of the Group.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event (see (ii) above);
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on changes in fair value recognised in the consolidated statement of profit or loss to the extent that they are not part of a designated hedging relationship. The net gain or loss recognised in the consolidated statement profit or loss incorporates any interest paid on the financial liability.

However, for financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in statement of other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch statement of in profit or loss. The remaining amount of change in the fair value of liability is recognised in statement of profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognized in statement of other comprehensive income are not subsequently reclassified to statement of profit or loss; instead, they are transferred to retained earnings upon derecognition of the financial liability.

Gains or losses on financial guarantee contracts issued by the Group that are designated by the Group as at FVTPL are recognised in profit or loss.

Financial liabilities measured subsequently at amortised cost

Financial liabilities that are not designated as FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual and sick leaves that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are included in trade and other payables.

Post-employment benefits

The Group operates defined contribution and defined benefit retirement plans.

a.) Defined contribution pension plan

The Group pays contributions to publicly administered pension insurance plans on a mandatory basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

b.) Defined benefit plan

A defined benefit plan is a pension plan that is not a defined contribution plan. In accordance with Qatar Labour Law number 14 of 2004, the Company makes payments to non-Qatari employees on their retirement, usually dependent on one or more factors such as age, years of service and compensation.

For subsidiaries and associates located outside the State of Qatar, the Group follows the applicable laws and regulations in their countries.

The liability recognised in the statement of financial position in respect of end of service benefits and defined benefit pension plans should be the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. When no deep market in such bonds, the market rates on government bonds are used.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised, when material, in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the consolidated statement of changes in equity and in the statement of financial position, if any.

Other short-term employees' benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be measured reliably.

Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Income tax

Income tax is provided in accordance with the Qatar Income Tax Regulations.

Management received a signed Memorandum of Understanding ("hereby referred to as the MOU") between QatarEnergy, General Tax Authority and Ministry of Finance. The MOU covers the tax reporting and payment implications applicable to the components of certain companies listed on Qatar Exchange.

In determination of the Group's tax liability, the probability that the tax authority will accept certain tax treatments has been considered. Where it has been concluded that it is probable that the tax authority will accept such tax treatments the Group has determined the tax liability consistently with the tax treatments used or planned to be used in its income tax filings.

Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Under this method, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences and carry forward of unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary difference and the carry forward of unused tax losses can be utilised. A tax rate range of 10-35%, which is applicable to the Group, is used to measure deferred tax assets and liabilities.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow deferred tax asset to be recovered.

Social and sports contribution fund

The Group makes contributions equivalents to 2.5% of the of the adjusted consolidated net profit relating to Qatar operations for the year into a state social and sports contribution fund for the support of social and sports activities. This is presented in the statement of changes of equity as appropriation of profit in accordance with Law No. 13 of 2008.

Dividends distribution

Liabilities for dividend distributions are recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Group, on or before the end of the reporting period but not distributed at the end of the reporting period. Dividend distribution liabilities are recognised as a direct charge to retained earnings in the consolidated statement of changes in equity, with any unpaid amount is presented under trade and other payables in the consolidated statement of financial position.

Earnings per share

Basic earnings per share is calculated by dividing:

- the profit or loss attributable to ordinary owners of the Group
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the effect of any dilutive potential ordinary shares.

Events after the reporting date

The consolidated financial statements are adjusted to reflect events that occurred between the reporting date and the date when the consolidated financial statements are authorised for issue, provided they give evidence of conditions that existed at the reporting date. Any post year-end events that are non-adjusting are discussed on the consolidated financial statements when material.

4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Critical judgments and estimates

The preparation of the consolidated financial statements in compliance with IFRS Accounting Standards requires the management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and contingent liabilities. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the separate financial statements as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the separate financial statements:

Judgements in determining the timing of satisfaction of performance obligations ("POs")

Performance obligations satisfied at a point in time, the Group considers the general requirements of control (i.e. direct the use of asset and obtain substantially all benefits) and the following non-exhaustive list of indicators of transfer of control:

- Entity has present right to payment
- Customer has legal title
- Entity has transferred legal possession
- Customer has significant risk and rewards
- Customer has accepted the asset

In making their judgement, the management considered the detailed criteria for the recognition of revenue set out in IFRS 15 and, in particular, whether the Group had transferred control of the goods to the customer.

Significant judgements are made by management when concluding whether the Group is transacting as an agent or a principal. The assessment is performed for each separate revenue stream in the Group. The assessment requires an analysis of key indicators, specifically whether the Group:

- carries any inventory risk;
- has the primary responsibility for providing the goods or services to the customer;
- has the latitude to establish pricing; and
- bears the customer's credit risk.

These indicators are used to determine whether the Group has exposure to the significant risks and rewards associated with the sale of goods or rendering of services. For example, any sale relating to inventory that is held by the Group, not on consignment, is a strong indicator that the Group is acting as a principal.

Business model assessment

Classification and measurement of financial assets depends on the results of the SPPI and the business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Group monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Group's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets.

Significant increase in credit risk

ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

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).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

Going concern

The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue a going concern. Therefore, the consolidated financial statements are prepared on a going concern basis.

Classification of Qatar Metals Coating Company WLL as an associate

The Group has 50% interest in Qatar Metals Coating Company W.L.L., while the remaining 50% is held by Qatar Industrial Manufacturing Company. The articles of association and shareholder agreement of Qatar Metals Coating Company W.L.L. requires appointment of a board member by each Company. The Chairman is selected on rotation between Qatar Steel and Qatar Industrial Manufacturing Company, where the Chairman has voting casting power; therefore, control is not demonstrated by the entity that does not appoint the Chairman. The current term of office requires appointment of the Chairman by Qatar Industrial Manufacturing Company. The Group has assessed that although the Chairman appointed by Qatar Industrial Manufacturing Company in the current term of office, the rotation of position limits the ability of the Group to exercise control and therefore, is classifying its interest in Qatar Metal Coating W.L.L. as an associate and is accounted for using the equity method as disclosed in Note 3.

Classification of investments as joint ventures

Management evaluated the Group's interests in QAPCO and QAFAC and concluded that these joint arrangements are joint ventures where the entities are jointly controlled and the partners have rights to the net assets of the joint arrangements. In both investments, all decisions about the relevant activities require unanimous consent of the parties that collectively control the arrangement, as established contractually in the agreements and articles of association. Hence, management recognized these investments as investments in joint ventures and accordingly accounted for these investments under the equity method in these consolidated financial statements.

Period of mothballing for property and equipment

During the year 2020, Qatar Steel decided to mothball some production facilities with higher production capacity due to losses incurred on international sales. As a result of this mothballing exercise, the Group recognized full impairment on the assets related to the affected facility.

However, with change in geopolitical environment and after lifting of blockade imposed by neighbourhood countries Qatar Steel is now able to make sales to GCC countries which resulted in increase in demand of Qatar Steel's products and accordingly the Group reassessed its business model which resulted decision to mothball the facility with lower production capacity and de-mothball the facility with higher capacity. This resulted in a net reversal of impairment as disclosed in note 7 of these consolidated financial statements. The management, based on its judgement believe that Qatar Steel will not be able to restart the mothballed facility in near future and accordingly did not consider the mothballed facility as revenue generating and hence recognized full impairment on mothballed facility.

Site restoration obligation

As required by IAS 37, the Group assess 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.

As explained in note 30, the Group may be required under lease agreements to make payments for site restoration at the option of the lessor. The incurrence of site restoration costs by the Group is contingent to the option that lessor will exercise, the lessor has not yet notified the Group on this matter. Therefore, the criteria to recognise provision for restoration obligation has not been met and no provision has been recognised in these consolidated financial statements.

Income tax

Under the provisions of the Law 24 of 2018, in particular Article 4 (11) of the said law, the tax exemptions does not apply to the share of profits attributable to companies that are owned, wholly or partly by the State, whether owned directly or indirectly, and that are engaged in Petroleum Operations or operating in Petrochemical Industry. Furthermore, Article 2 (12) of the executive regulations accompanying the Tax Law states that the tax exemption available to companies listed on the capital markets is not applicable to their components.

Management received a signed MOU between QatarEnergy, General Tax Authority and Ministry of Finance. The MOU covers the tax reporting and payment implications applicable to the components of certain companies listed on Qatar Exchange.

The MOU also states that the tax amounts due on the share of the public shareholding companies will be recorded in the books and in the tax returns to be submitted to General Tax Authority. Each company shall pay the amount of the income tax relating to the share of profit of the public shareholding company directly to the public shareholding company, and settlement of this amount with the General Tax Authority will be made through the defined arrangement between the public shareholding company, QatarEnergy and the Ministry of Finance as per the MOU.

Accordingly, for the purpose of accruing the tax liability for the years ended December 31, 2023 and 2022 management of the component entities of the Group has considered the taxable income of components as 100% taxable.

Management of the Group has recorded the tax benefit or refund received through the settlement mechanism defined in the MOU within the tax expense for that related to subsidiaries and within the share of results of investments in associates and joint ventures for the benefit related to those Group entities. Deferred tax has been adjusted accordingly. The payments received by the Group from the joint ventures and associates relating to the tax benefit are recorded within the investment in those entities.

Tax assessment for the years 2012 to 2017

As explained in Note 30, certain components of the Group have received tax assessments for the years from 2012 to 2017 requiring the components to pay additional taxes and penalties of QR 954.6 million and disallowing some expenses amounting to QR 34.6 million.

The components have submitted formal objections, as per the requirement of the tax law, rejecting the full amount claimed by the GTA within 30 days.

Management has concluded that it is probable (i.e., it is more likely than not) that the General Tax Authority will accept the tax treatment in the objection and accordingly has not recorded a liability for the assessment received. Due to the uncertainty associated with such tax items, there is a possibility that, on conclusion of open tax matters at a future date, the final outcome may differ significantly from Management's conclusion.

Further, as per the terms of the MOU (Note 4), the Ministry of Finance undertakes to settle any income tax amounts payable by these components for the previous years directly to the GTA. Based on the ongoing advanced discussions and correspondence between QatarEnergy, on behalf of the Group, the Ministry of Finance, and the GTA, it is expected that the assessments will either be withdrawn or resolved amicably between the involved parties.

Estimates

The key assumptions concerning the future and other sources of estimation uncertainty at the consolidated financial position date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within are discussed below.

Measurement of loss on potential liabilities related to financial guarantee

When measuring the potential liability related to financial guarantees given by the Group to the associate ("SOLB Steel Company" located in Kingdom of Saudi Arabia) bank for certain facilities extended to the associate, Management has considered the terms and conditions of the financial guarantees signed with banks for purpose of providing adequate provision against any breach by the associate. Based on this consideration, management has used the best estimate towards any exposure that might result for such instance to ensure an adequate provision is provided in the Group's consolidated financial statements considering the requirement of IAS 37.

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.

Estimated useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and residual values of its property, plant and equipment for calculating depreciation as outlined in Note 3. This estimate is determined after considering the expected usage of the asset, physical wear and tear and technical or commercial obsolescence. The estimated useful lives, residual values and depreciation methods are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis. At year-end, management assessed that no changes occurred to these estimates.

At year-end, if the useful life increased/decreased by 5% against the current useful life with all other variables held constant, profit for the year would have been higher or lower by QR. 61.93 million (2022: QR. 25.07 million higher or lower).

Reversal of impairment of property, plant and equipment

As required by IFRS, the Group has reassessed its property, plant, and equipment for impairment by comparing the recoverable amount of each cash-generating unit to its carrying value as outlined in Note 7. The recoverable amount is estimated by Qatar Steel using the 'value in use.' The value in use calculations were performed based on the following assumptions:

- Discount rates: 11%
- Utilization of capacity: 113% to 115%
- Earnings Before interest, tax, depreciation and amortisation (EBITDA): 10% - 13%
- Terminal period growth rate: 3%
- Projected cash flows over 5 years

The above assumptions are based on management approved business plan and its best estimate and any change thereof may result in materially different recoverable amount.

Estimation of inventory net realisable value

Inventories are stated at the lower of cost and net realisable value. When inventories become old or obsolete, an estimate is made of their net realisable value. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and written down according to the inventory type and the degree of ageing or obsolescence, any difference between the amounts actually realised in future periods and the amounts expected are recognised in the consolidated statement of comprehensive income.

At year-end, if the estimate used by management increased/decreased by 5% with all other variables held constant, profit for the year would have been higher or lower by QR. 56.23 million (2022: higher or lower by QR. 64.27 million).

Estimation of provision for employee's end of service benefits

The assumptions used in determining the cost for employees' end of service obligations include the discount rate, staff turnover, and expected future salary increments. Any changes in these assumptions will impact the amount of end of service obligations.

The table below sets out the key assumptions used to assess the provision for end of service benefits:

	2023	2022
Discount rate	**4.03% - 5.00%**	4.25% - 5.20%
Salary growth rate	**2.8% - 3.5%**	3% - 3.5%
Staff turnover rate	**3.9%**	3.8%

The Group determines the appropriate discount rate at the end of each year. This discount rate should be used to determine the present value of estimated future cash outflows expected to be required to settle the employees' end of service obligations.

In addition to receiving pension benefits from the Government Pension Fund, QatarEnergy, the Ultimate Parent Company, introduced in 2016 a new end of service scheme to employees with Qatar nationality. In accordance with that new scheme, an employee who serves within the Company for 20 years or more receives a lump sum payment on retirement or resignation based on latest salary and number of service years in excess of 20 years. The fact that benefit only start to accrue after 20 years of service means that the benefit formula includes a back-end load and therefore accrual should be made on a straight-line basis over the entire service life. However, the management has concluded that only service after 20 years in the industry leads to benefit and therefore attribution should be in line with the benefit formula, i.e. accrual only starts once the industry service eligibility has been met.

Calculation of loss allowance

When measuring ECL the Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. The Group uses estimates for the computation of loss rates.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Reversal of impairment on investments in associates

As required by IFRS, the Group assessed its investments in associates for impairment by comparing the recoverable amount of investment to its carrying value as outlined in Note 8. The recoverable amount is estimated by the Group using the "value in use". The value in use calculations were performed based on the following assumptions:

- Discount rates: 11%
- Utilization of capacity: 101% to 117%
- Earnings Before interest, tax, depreciation and amortisation (EBITDA): 15% - 19%
- Terminal period growth rate: 4%
- Projected cash flows over 5 years

The above assumptions are based on management best estimate and any change thereof may result in materially different recoverable amount.

Valuation of financial assets - Qatar Vinyl Company (QVC)

As explained in note 10, 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 MPHC 55.2% as per the Principles Agreement entered among the existing shareholders of QVC and the Company.

As of December 31, 2023, the Company has made an advance of QR 137.79 million (2022: 35.06 million) and the advance is accounted as a deemed investment in QVC in the consolidated financial statements.

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 December 31, 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.

5. CASH AND BANK BALANCES

	2023 QR '000	2022 QR '000
Cash on hand	**70**	7
Cash in banks	**1,104,854**	1,525,771
Fixed deposits less than 3 months	**2,459,418**	8,209,576
Cash and bank balances	**3,564,342**	9,735,354

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise:

	2023 QR '000	2022 QR '000
Cash and bank balances	**3,564,342**	9,735,354
Less: Dividend accounts	**(104,338)**	(108,400)
Cash and cash equivalents	**3,460,004**	9,626,954

Dividend accounts are the amounts deposited in the bank for the amount of dividends declared for the respective year, which are yet to be collected by the shareholders.

Balances with banks are assessed to have low credit risk of default since these banks are highly regulated by central banks of the respective countries. Accordingly, management of the Group estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12-month ECL. None of the balances with banks at the end of the reporting period are past due and taking into account the historical default experience and the current credit ratings of the banks, management of the Group have assessed that there is no impairment, and hence have not recorded any loss allowances on these balances.

6. FIXED DEPOSITS

As at December 31, 2023, fixed deposits with maturities after 90 days amounted to QR. 10,849 million (2022: QR. 7,184 million). Fixed deposits are held with banks and denominated in Qatari Riyals and US Dollars with average effective interest rate of 6.5% (2022: 6%).

7. PROPERTY, PLANT AND EQUIPMENT

	Buildings QR '000	Plant machinery and equipment QR '000	Furniture and other equipment QR '000	Capital work in progress QR '000	Total QR '000
Cost					
As at January 1, 2022	4,660,724	15,073,354	120,488	561,185	20,415,751
Additions	--	14,463	--	584,500	598,963
Write offs (vi)	(59,007)	(391,936)	(3,523)	--	(454,466)
Transfers	4,416	386,652	30,480	(421,548)	--
Adjustments (viii)	--	(120,533)	--	--	(120,533)
Disposals	(1,465)	(33,978)	(1,165)	(14,613)	(51,221)
As at December 31, 2022	4,604,668	14,928,022	146,280	709,524	20,388,494
Additions	--	**33,705**	--	**2,198,033**	**2,231,738**
Acquisition of subsidiary	**244,312**	**297,759**	**2,068**	--	**543,139**
Transfers	**24,786**	**658,014**	**48,136**	**(730,936)**	--
Disposals	--	**(1,528)**	**(3,067)**	--	**(4,595)**
As at December 31, 2023	**4,873,766**	**15,914,972**	**193,417**	**2,176,621**	**23,158,776**
Accumulated depreciation:					
As at January 1, 2022	1,228,760	6,390,581	100,533	--	7,719,874
Charge for the year	259,274	1,190,549	17,331	--	1,467,154
Write offs (vi)	(59,007)	(391,936)	(3,523)	--	(454,466)
Disposals	(1,465)	(26,547)	(1,165)	--	(29,177)
As at December 31, 2022	1,427,562	7,162,647	113,176	--	8,703,385
Charge for the year	**238,523**	**1,194,294**	**30,190**	--	**1,463,007**
Acquisition of subsidiary	**91,884**	**104,721**	**1,496**	--	**198,101**
Reversal of impairment (vii)	--	**(550,000)**	--	--	**(550,000)**
Adjustments	--	**(9,642)**	--	--	**(9,642)**
Disposals	--	**(331)**	**(3,055)**	--	**(3,386)**
As at December 31, 2023	**1,757,969**	**7,901,689**	**141,807**	--	**9,801,465**
Net book value:					
As at December 31, 2023	**3,115,797**	**8,013,283**	**51,610**	**2,176,621**	**13,357,311**
As at December 31, 2022	3,177,106	7,765,375	33,104	709,524	11,685,109

Notes:

(i) Buildings with net book value of QR. 3,080 million (2022: QR. 3,177 million) represent the industrial plant, offsite and administrative facilities constructed on land leased from QatarEnergy, the Ultimate Parent, for the duration of the Group's existence.

(ii) Plant, machinery and equipment include capital spares and other spares with net book value of QR.380.9 million (2022: QR. 166.5 million) with useful lives of between 15 and 25 years.

(iii) Plant, machinery and equipment include catalysts with net book value of QR. 127.9 million (2022: QR. 111.9 million) with useful lives of between 1 and 12 years.

(iv) Total fully depreciated assets that are still in use are as follows:

	2023 QR '000	2022 QR '000
Buildings	**131,271**	111,034
Plant machinery and equipment	**1,757,630**	1,447,088
Furniture and other equipment	**179,712**	204,855
	2,068,613	1,762,977

(v) Depreciation charge has been allocated in the consolidated statement of profit or loss as follows:

	2023 QR '000	2022 QR '000
Cost of sales (Note 25)	**1,437,584**	1,445,576
General and administrative expenses (Note 28)	**24,547**	20,894
Selling expenses	**876**	684
	1,463,007	1,467,154

(vi) In 2016, Qatar Steel decided to close and impair certain production facilities in Qatar due to their operational and environmental issues. Total impairment amounted to QR 65 million. No additional impairment of property, plant and equipment was recognised after 2016 on such assets. Some of the said facilities and related assets were written off during the year 2022.

(vii) In 2020, Qatar Steel decided to mothball one of its production unit and recorded QR 1.2 billion of impairment against certain production facilities as a result of business model assessment. No additional impairment of property, plant and equipment was recognised after the initial recognition on such assets. During 2022, the Qatar Steel's management decided to reactivate the previously mothballed production line to cater the increased demand of its product after the lifting of blockade by neighbourhood countries and to mothball the other production line. This resulted a net reversal of QR. 550 million of previously recognized impairment to the consolidated statement of profit or loss during the year.

(viii) In 2022, Qatar Steel adjusted the cost of certain plant, machinery and equipment which was over capitalised during 2014 against the accrued expenses (Note 20) and recognized in the related plant, machinery and equipment. The impact of excess depreciation on retained earnings was QR 31 million. Management has decided not to restate the consolidated financial statements of the Group, as the impact was not considered material.

(ix) The Group signed an agreement for the construction of QAFCO plant VII (Ammonia VII) project. The project is expected to be completed in 2026.

An advance payment for the QAFCO plant VII project amounting to QR 192.37 million was paid in 2022. This amount is recovered at 14.5% through progress billings and included in the capital work-in-progress.

	2023 QR '000	2022 QR '000
At January 1	**192,374**	192,374
Released to property, plant and equipment	**(17,333)**	--
At December 31	**175,041**	192,374

8. INVESTMENTS IN ASSOCIATES

Set out below are the associates of the Group as at December 31, 2023 which are accounted for using the equity method. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

	Place of business/ country of incorporation	Percentage of ownership 2023	Percentage of ownership 2022	Nature of relationship	Measurement method
Foulath Holding B.S.C. (i)	Kingdom of Bahrain	**25%**	25%	Associate	Equity method
SOLB Steel Company (ii)	Kingdom of Saudi Arabia	**31.03%**	31.03%	Associate	Equity method
Qatar Metals Coating Company W.L.L. (iii)	State of Qatar	**50%**	50%	Associate	Equity method

The associates above are private entities with no available quoted price.

(i) Foulath Holding B.S.C.

Foulath Holding B.S.C. is a Bahraini Closed Joint Stock Company incorporated on June 26, 2008 in the Kingdom of Bahrain. Foulath Holding B.S.C. is a holding company for a group of commercial/industrial companies that are engaged in the manufacture and sale of various steel products.

(ii) SOLB Steel Company

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 as of December 31, 2018 and accordingly held at Nil carrying amount as at December 31, 2023.

The unrecognized share of losses for the year amounted to QR. 20.63 million (2022: QR 23.69 million). Cumulative unrecognized share of losses amounted to QR. 166.26 million (2022: QR 145.63 million).

Advances to SOLB Steel

During the year, Qatar Steel made an advance of QR. 191.49 million to SOLB steel Company (or SOLB) to fund its cash requirements with an objective to settle existing loans obtained by SOLB from financial institutions and get release of financial guarantee provided by Qatar Steel in its capacity as a shareholder. As per the terms of arrangement this amount will be settled as right issues in SOLB which will increase Qatar Steel's share from 31.03% to 40.378%. However, shares have not yet been issued as of the reporting date and related legal formalities are still in progress at the reporting date. Accordingly, the amount paid has been recorded as long-term advance in these consolidated financial statements.

(ii) Qatar Metals Coating Company W.L.L.

Qatar Metals Coating Company W.L.L. (Q-COAT) is involved in the production of epoxy resin coated bars. Q-COAT is managed by the Group in accordance with a management service agreement.

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

	2023 QR '000	2022 QR '000
Foulath holding B.S.C. (C)	**1,803,558**	1,882,654
Qatar Metals Coating Company W.L.L.	**7,148**	7,406
	1,810,706	1,890,060

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

	2023 QR '000	2022 QR '000
Balance at the beginning of the year	**1,890,060**	1,577,311
Share of net results from associates	**281,636**	427,855
Net share of other comprehensive profit / (loss)	**283**	(3,346)
Dividend and tax benefit payments received from associates	**(421,273)**	(111,760)
Reversal of impairment	**60,000**	--
Balance at the end of the year	**1,810,706**	1,890,060

The tables below provide summarised financial information for those associates that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not the Group's share of those amounts. They have been amended to reflect adjustments made by the Group when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

Summarised statement of financial position	**Foulath Holding B.S.C. 2023 QR.'000**	Foulath Holding B.S.C. 2022 QR.'000	**Qatar Metals Coating Company W.L.L. 2023 QR.'000**	Qatar Metals Coating Company W.L.L. 2022 QR.'000
Current assets	**4,378,813**	5,141,946	**57,764**	50,073
Non-current assets	**5,052,924**	5,046,484	**8,090**	8,893
Current liabilities	**(1,869,408)**	(2,007,643)	**(22,388)**	(14,989)
Non-current liabilities	**(2,584,610)**	(2,641,537)	**(2,608)**	(2,608)
Net assets	**4,977,719**	5,539,250	**40,858**	41,369
Group's share in %	**25%**	25%	**50%**	50%
Group's share in QR	**1,244,430**	1,384,813	**20,429**	20,685
Impairment and other losses	**(120,000)**	(180,000)	--	--
Goodwill	**684,804**	684,804	--	--
Pre-acquisition equity adjustment	**660**	660	--	--
Intercompany margin elimination	**(6,435)**	(6,435)	**(13,281)**	(13,294)
Other adjustments	**99**	(1,188)	--	15
Carrying amount	**1,803,558**	1,882,654	**7,148**	7,406

Summarised statement of comprehensive income	**Foulath Holding B.S.C. 2023 QR.'000**	Foulath Holding B.S.C. 2022 QR.'000	**Qatar Metals Coating Company W.L.L. 2023 QR.'000**	Qatar Metals Coating Company W.L.L. 2022 QR.'000
Revenue	**10,274,592**	11,290,903	**64,295**	83,202
Profit from continuing operations	**1,117,577**	1,705,046	**4,515**	2,250
Other comprehensive income / (loss)	**1,132**	(13,384)	--	--
Total comprehensive income	**1,118,709**	1,691,662	**4,515**	2,250
Group's share in profit	**279,394**	426,262	**2,258**	1,125
Intercompany adjustments and tax benefit	--	--	**(16)**	468
Group's share in profit and tax benefits	**279,394**	426,262	**2,242**	1,593
Group's share in other comprehensive income/ (loss)	**283**	(3,346)	--	--
Dividend and tax benefit payments received from associates	**(418,773)**	(109,246)	**(2,500)**	(2,514)

9. INVESTMENT IN JOINT VENTURES

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

	2023 QR.'000	2022 QR.'000
Balance at January 1	**7,096,559**	6,822,599
Share of net results of joint ventures	**907,055**	1,566,616
Adjustment related to tax benefit	**452,906**	893,817
Share of other comprehensive loss	**(2,912)**	(16,864)
Dividends and tax benefits payments received	**(1,670,643)**	(2,169,609)
Balance at December 31	**6,782,965**	7,096,559

The summarised financial information in respect of the Group's joint ventures is set out in the following table. The summarised financial information represents amounts shown in the joint ventures financial statements prepared in accordance with IFRS:

As at December 31, 2023	**QAPCO QR.'000**	**QAFAC QR.'000**	**Total QR.'000**
Current assets			
Cash and cash equivalents	**817,444**	**1,076,125**	**1,893,569**
Other current assets	**1,452,346**	**600,656**	**2,053,002**
	2,269,790	**1,676,781**	**3,946,571**
Non-current assets	**6,228,974**	**1,038,713**	**7,267,687**
Current liabilities			
Financial liabilities	**(876,013)**	**(497,731)**	**(1,373,744)**
Other current liabilities	**(190,533)**	**(356,284)**	**(546,817)**
	(1,066,546)	**(854,015)**	**(1,920,561)**
Non-current liabilities	**(413,252)**	**(52,682)**	**(465,934)**
Net assets before minority interest	**7,018,966**	**1,808,797**	**8,827,763**
Minority interest	--	--	--
Attributable to the Group	**7,018,966**	**1,808,797**	**8,827,763**
Reconciliation to carrying amounts:			
Opening net assets January 1	**7,519,422**	**1,494,140**	**9,013,562**
Profit for the year	**689,184**	**711,417**	**1,400,601**
Other comprehensive loss	**(3,640)**	--	**(3,640)**
Dividends paid	**(758,200)**	**(396,760)**	**(1,154,960)**
Dividends payable	**(427,800)**	--	**(427,800)**
Closing net assets	**7,018,966**	**1,808,797**	**8,827,763**
Group's share %	**80%**	**50%**	--
Group's share	**5,615,173**	**904,399**	**6,519,572**
Effect of IQ's tax benefit and other adjustments	**285,889**	**(22,496)**	**263,393**
Total	**5,901,062**	**881,903**	**6,782,965**
Revenues	**3,270,408**	**2,723,890**	**5,994,298**
Other income	**112,004**	**51,221**	**163,225**
Depreciation and amortization	**(425,366)**	**(89,281)**	**(514,647)**
Interest expense	**(3,994)**	**(207)**	**(4,201)**
Income tax expense	**(180,261)**	**(311,350)**	**(491,611))**
Other cost and expenses net of income	**(2,083,607)**	**(1,662,857)**	**(3,746,464)**
Profit for the year	**689,184**	**711,416**	**1,400,600**
Attributable to the Group	**689,184**	**711,416**	**1,400,600**
Other comprehensive income	**(3,640)**	--	**(3,640)**
Total comprehensive income	**685,544**	**711,416**	**1,396,960**
Group's share of net profit before tax benefit	**551,347**	**355,708**	**907,055**
Effect of IQ's tax benefit	**297,291**	**155,615**	**452,906**
Group's share of net profit	**848,638**	**511,323**	**1,359,961**
Group's share of other comprehensive income	**(2,912)**	--	**(2,912)**

As at December 31, 2022	QAPCO QR.'000	QAFAC QR.'000	Total QR.'000
Current assets			
Cash and cash equivalents	1,619,609	1,033,105	2,652,714
Other current assets	1,542,964	768,258	2,311,222
	3,162,573	1,801,363	4,963,936
Non-current assets	6,720,768	584,875	7,305,643
Current liabilities			
Financial liabilities	(1,459,615)	(368,342)	(1,827,957)
Other current liabilities	(476,992)	(475,759)	(952,751)
	(1,936,607)	(844,101)	(2,780,708)
Non-current liabilities	(427,312)	(47,997)	(475,309)
Net assets before minority interest	7,519,422	1,494,140	9,013,562
Minority interest	--	--	--
Attributable to the Group	7,519,422	1,494,140	9,013,562
Reconciliation to carrying amounts:			
Opening net assets January 1	7,087,946	1,537,518	8,625,464
Profit for the year	1,523,556	695,542	2,219,098
Other comprehensive loss	(21,080)	--	(21,080)
Dividends paid	(428,000)	(738,920)	(1,166,920)
Dividends payable	(643,000)	--	(643,000)
Closing net assets	7,519,422	1,494,140	9,013,562
Group's share %	80%	50%	
Group's share	6,015,538	747,070	6,762,608
Effect of IQ's tax benefit and other adjustments	333,976	(25)	333,951
Total	6,349,514	747,045	7,096,559
Revenues	4,385,769	3,457,359	7,843,128
Other income	83,718	21,421	105,139
Depreciation and amortization	(419,182)	(322,454)	(741,636)
Interest expense	(4,389)	(386)	(4,775)
Income tax expense	(470,626)	(463,135)	(933,761)
Other cost and expenses net of income	(2,051,734)	(1,997,263)	(4,048,997)
Profit for the year	1,523,556	695,542	2,219,098
Attributable to the Group	1,523,556	695,542	2,219,098
Other comprehensive income	(21,080)	--	(21,080)
Total comprehensive income	1,502,476	695,542	2,198,018
Group's share of net profit before tax benefit	1,218,845	347,771	1,566,616
Effect of IQ's tax benefit	662,250	231,567	893,817
Group's share of net profit	1,881,095	579,338	2,460,433
Group's share of other comprehensive income	(16,864)	--	(16,864)

10. DEEMED INVESTMENT

	2023 QR. '000s	2022 QR. '000s
Investment in Qatar Vinyl Company (QVC)	**137,797**	35,060

Deemed Investment in QVC

The Group 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 Group 44.8% and MPHC 55.2% as per the Principles Agreement entered among the existing shareholders of QVC and the Group.

As of December 31, 2023, the Group has made an advance of QR 137.79 million (2022: 35.06 million) and the advance is accounted for as a deemed investment in QVC in the consolidated financial statements.

Transfer of ownership

As per the Principles Agreement entered between the shareholders of QVC and the Group 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 December 31, 2022, the Group has assessed the fair value of the expected receipt of QatarEnergy's 12.9% shares and QAPCO's 31.9% shares in QVC and this will be recognised in the Company's books subject to completion of legal and regulatory requirements of this agreement.

11. 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					
	Land and building QR '000	**Heavy duty equipment QR '000**	**Motor vehicles QR '000**	**Other assets QR '000**	**Total QR '000**	**Lease liabilities 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)
Amortisation expense	(26,092)	(2,324)	(698)	(1,595)	(30,709)	--
Interest expense	--	--	--	--	--	19,379
Payments	--	--	--	--	--	(33,937)
December 31, 2022	**167,286**	--	**2,947**	**35,139**	**205,372**	**386,259**
Additions	**25,889**	**63,847**	**1,380**	--	**91,116**	**91,117**
Acquisition of a subsidiary	**5,789**	--	--	--	**5,789**	**6,718**
Amortisation expense	**(27,963)**	**(10,478)**	**(943)**	**(1,049)**	**(40,432)**	--
Interest expense	--	--	--	--	--	**20,751**
Payments	--	--	--	--	--	**(123,061)**
December 31, 2023	**171,001**	**53,369**	**3,384**	**34,090**	**261,844**	**381,784**

Maturity analysis of lease liability follow:

	2023 QR.'000	2022 QR '000
Not later than 1 year	**47,738**	91,012
Later than 1 but not later than 5 years	**198,851**	126,101
Later than 5 years	**135,195**	169,146
	381,784	386,259

The lease liability is presented in the financial statements as:

	2023 QR.'000	2022 QR '000
Current	**47,738**	91,012
Non-current	**334,046**	295,247
	381,784	386,259

The amortisation charges have been allocated in the consolidated statement of profit or loss as follows.

	2023 QR.'000	2022 QR '000
Cost of sales (Note 25)	**29,757**	20,082
Administrative expenses (Note 28)	**10,675**	10,627
	40,432	30,709

The Group does not face significant liquidity risk with regard to its lease liabilities.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023 QR.'000	2022 QR '000
Balance at the beginning of the year	**397,118**	348,510
Movement in fair value recognised directly in profit or loss (Note 26)	**23,961**	48,608
At December 31, measured at fair value	**421,079**	397,118
Investments in equity instruments – quoted	**421,079**	393,533
Investments in equity instruments – unquoted	**--**	3,585

13. INVENTORIES

	2023 QR.'000	2022 QR '000
Finished goods and goods for resale	**972,283**	1,063,122
Raw materials	**393,256**	336,925
Spares and consumables	**940,837**	923,243
Work in process	**274,241**	429,662
Additives	**261,755**	256,406
Goods in transit	**221,634**	329,634
	3,064,006	3,338,992
Less: Provision for obsolete and slow-moving inventories	**(230,729)**	(234,084)
	2,833,277	3,104,908

Inventories recognised as an expense during the year ended December 31, 2023 amounted to QR. 2,782 million (2022: QR. 3,387 million). These were included in cost of sales.

Net reversal of inventory write down amounted to QR 8.89 million (2022: net reversal of write down of QR. 0.02 million) was recognised during the year and included in 'cost of sales' in the consolidated statement of profit or loss.

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

	2023 QR' 000	2022 QR' 000
Balance at the beginning of the year	**234,084**	190,960
Provision during the year	**5,541**	42,711
Write down of inventory to NRV	**--**	437
Reversal of provision	**(8,896)**	(24)
Balance at the end of the year	**230,729**	234,084

14. TRADE AND OTHER RECEIVABLES

	2023 QR.'000	2022 QR '000
Trade accounts receivable at amortised cost	**743,801**	494,565
Due from related parties (Note 21)	**946,324**	1,534,767
Advance to suppliers	**8,896**	70,072
Prepayments	**63,286**	73,656
Loans to employees	**127,818**	128,727
Accrued interest	**143,262**	122,455
Other receivables	**67,492**	24,974
	2,100,879	2,449,216
Less: Expected credit losses	**(58,395)**	(58,492)
	2,042,484	2,390,724
Trade receivables measured at fair value (Note 21)	**622,950**	1,086,658
	2,665,434	3,477,382

As at December 31, the ageing of unimpaired trade receivables is as follows:

			Past due but not impaired				
	Total	Neither past due nor impaired	< 30 days	31 to 60 days	61 to 90 days	91 to 180 days	180 to 365 days
	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000	QR '000
2023	**743,801**	**729,247**	**14,554**	--	--	--	--
2022	494,565	494,102	463	--	--	--	--

Movement in expected credit loss:

	2023 QR.'000	2022 QR '000
Balance at January 1	**58,492**	58,721
Reversal during the year	**(97)**	(229)
Balance at December 31	**58,395**	58,492

The other classes within trade and other receivables do not contain impaired assets.

15. SHARE CAPITAL

	2023 QR.'000	2022 QR '000
Authorised, issued and paid-up: 6,050,000,000 shares of QR 1 each	**6,050,000**	6,050,000

16. RESERVES

The following table shows the movements in these reserves during the year. A description of the nature and purpose of each reserve is provided below the table.

	Legal reserves (i)	Hedging reserve (ii)	Other reserve (iii)	Total reserves
	QR.'000	QR.'000	QR.'000	QR.'000
Balance at January 1, 2022	195,856	(4,810)	(8,814)	182,232
Other comprehensive income	--	(3,346)	(40,914)	(44,260)
Transfer to legal reserve	75,203	--	--	75,203
Balance at December 31, 2022	271,059	(8,156)	(49,728)	213,175
Balance at January 1, 2023	**271,059**	**(8,156)**	**(49,728)**	**213,175**
Other comprehensive loss	--	**283**	**(4,664)**	**(4,381)**
Transfer to legal reserve	**883**	--	--	**883**
Balance at December 31, 2023	**271,942**	**(7,873)**	**(54,392)**	**209,677**

Notes:

(i) The transfer of legal reserve is decided by IQ Board in accordance with the Articles of Association. The Articles of Association of the Company provides that prior to recommending any dividend distribution to the shareholders, the Board shall establish reserves considered by the Board to be necessary or appropriate. The legal reserve presented on the face of the consolidated statement of financial position represents the amount of legal reserve from subsidiaries included for consolidation purpose and the amount decided by IQ Board to transfer during the year from the current year profit. The Company transfers annually to legal reserve 10% of its net profit after deducting dividends from subsidiaries, joint ventures and associates.

(ii) The hedging reserve is used to record the Group's share of gains or losses on derivatives that are designated and qualify as cash flow hedges and that are recognised in other comprehensive income of associates accounted for using the equity method. Amounts are reclassified to consolidated statement of profit or loss when the associated hedged transaction affects profit or loss.

(iii) Actuarial gains/(losses) arising from experience adjustments and changes in actuarial assumptions (remeasurements) of the Group's defined benefit obligation are recognised in other comprehensive income as other reserves.

17. SOCIAL AND SPORTS CONTRIBUTION FUND

In accordance with Law No. 13 of 2008, the Group has made an appropriation of profit of QR 108.84 million (2022: QR 210.76 million) which is equivalent to 2.5% of the adjusted consolidated net profit relating to Qatar operations for the year to support the social and sports activities (Note 20).

During the year, the Group received a refund of QR 4.11 million related to the excess social and sports contribution fund paid for the year 2020 due to the restatement of its consolidated net profit for that year.

18. DIVIDENDS

The Board of Directors has proposed a cash dividend distribution of QR. 0.78 per share for the year ended December 31, 2023 (2022: QR. 1.1 per share). The dividends for the year 2022 amounted to QR 6,655 million were approved by the shareholders in the Annual General Meeting held on March 15, 2023. The proposed final dividend for the year ended December 31, 2023, will be submitted for formal approval in the Annual General Meeting.

19. EMPLOYEES' BENEFIT OBLIGATION

The movements in the provision recognised in the consolidated statement of financial position are as follows:

	2023 QR.'000	2022 QR '000
Balance as at January 1	**465,977**	432,102
Interest cost	**6,211**	2,988
Current service cost	**21,059**	15,217
Provision during the year	**47,050**	46,928
Acquisition of subsidiary	**14**	--
Actuarial gains and losses on re-measurement of present value of defined benefits obligation	**1,752**	24,050
Paid during the year	**(69,940)**	(55,308)
Balance as at December 31	**472,123**	465,977

a. Pension obligations

The Group pays pension benefits to Qatari employees, or their heirs, who retired prior to 2003. The subsidiary and joint ventures obligations to these pension benefits is significant and accordingly, accounted for using the projected unit credit method.

b. Employee benefits expenses

	2023 QR.'000	2022 QR '000
Cost of sales (Note 25)	**580,412**	618,532
General and administrative expenses (Note 28)	**424,374**	402,556
Selling expenses	**21,924**	21,380
	1,026,710	1,042,468

c. Pension and end of service cost

Included in staff costs are the following expenses in connection with pension and end of service.

	2023 QR.'000	2022 QR '000
Current service cost	**21,059**	15,217
End of service charges	**47,064**	46,928
Interest cost	**6,211**	2,988
	74,334	65,133

The defined contribution benefits represent the Group's contributions to the Government Pension Fund on a monthly basis in accordance with the requirements of Law No 24 of 2002 pertaining to Retirement and Pensions for Qatari national employees who joined the Group on or after March 5, 2003. The Group remits 15% of Qatari national employees' salary to the Government Pension Fund, of which Group's share is 10% and the employees' share is 5%. The Group's obligations are limited to its contributions paid to Government Pension Fund which are expensed when due.

The assumptions used in determining the cost for employees' end of service obligations include the discount rate, staff turnover, and expected future salary increments. Any changes in these assumptions will impact the amount of end of service obligations.

The table below sets out the key assumptions used to assess the provision for end of service benefits:

	2023	2022
Discount rate	4.03% - 5 %	4.25% - 5.20%
Salary growth rate	2.8% - 3.5%	3.0% - 3.5%
Staff turnover rate	3.9%	3.8%

The Group determines the appropriate discount rate at the end of each year. This discount rate should be used to determine the present value of estimated future cash outflows expected to be required to settle the employees' end of service obligations.

The discount rate used for estimating end of service liabilities is in a range from 4.03% - 5% (2022: 4.25%-5.2%) and the average future salary increases is in a range from 2.8%-3.5% (2022: 3%-3.5%). The discounting future salaries results in approximately current levels of salary. Therefore, the management calculated the employees' end of service obligations as the amount that would be paid if all employees retire and receive their entitlements at the date of financial position, that is the final monthly salary at the year-end multiplied by the number of years in service to arrive at the employee benefit at that date.

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and staff turnover rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

If the discount rate is 100 basis points higher (lower), the defined benefit obligation would decrease (increase) by QR. 20.13 million (2022: QR. 20.02 million). If the expected salary growth increases (decreases) by 1 per cent, the defined benefit obligation would increase (decrease) by QR. 1.24 million (2022: QR. 0.81 million). If the staff turnover rate increases (decreases) by 1 per cent, the defined benefit obligation would increase (decrease) by QR. 0.27 million (2022: QR. 0.2 million).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In addition to receiving pension benefits from the Government Pension Fund, QatarEnergy, the Ultimate Parent Company, introduced in 2016 a new end of service scheme to employees with Qatar nationality. In accordance with that new scheme, an employee who serves within the Group for 20 years or more receives a lump sum payment on retirement or resignation based on latest salary and number of service years in excess of 20 years. The fact that benefit only starts to accrue after 20 years of service means that the benefit formula includes a back-end load and therefore accrual should be made on a straight-line basis over the entire service life. Management has concluded that only service after 20 years in the industry leads to benefit and therefore attribution should be in line with the benefit formula in accordance with pension contributions from the General Retirement & Social Insurance Authority.

20. TRADE AND OTHER PAYABLES

	2023 QR.'000	2022 QR '000
Accrued expenses	**760,538**	425,246
Financial guarantees*	**400,000**	400,000
Due to related parties (Note 21)	**330,014**	599,441
Trade payables	**438,416**	323,947
Social and sports contribution fund payable (Note 17)	**108,836**	210,764
Dividend payable	**104,338**	108,400
Due to government	**34,289**	34,289
Other payables	**43,613**	30,101
	2,220,044	2,132,188

* 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 is 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 guarantees' agreement, the maximum exposure of the Group is QR. 489 million upon which QR. 400 million has been recognised as a liability.

** Included in the year 2022 accrued expenses were certain accruals amounting to QR. 120.53 million related to cost of certain plant and machineries capitalized in the year 2014. The accruals were made based on best estimates for final settlement to be agreed with the subcontractor. However, final settlement with the supplier was not reached and based on a legal advice the group reversed those accruals (Note 7).

21. RELATED PARTY DISCLOSURES

These represent transactions with related parties, i.e. major shareholders, joint ventures, directors and senior management of the group of the companies, and the companies in which they are principal owners. Pricing policies and terms of these transactions are approved by the respective management. The Group's parent entity is QatarEnergy.

a) Related party transactions

Transactions with related parties included in the consolidated statement of profit or loss are as follows:

Goods and services provided to related parties

	Year ended December 31, 2023		Year ended December 31, 2022	
	Sales QR.'000	**Management fees QR.'000**	Sales QR.'000	Management fees QR.'000
Year ended December 31, 2023				
Associates				
Qatar Metals Coating Company W.L.L.	**66,819**	**148**	69,475	170
Entities under common control				
Qatar Chemical and Petrochemical Marketing and Distribution Company (Muntajat) Q.J.S.C.	**7,712,447**	**--**	14,983,360	--
Qatar Vinyl Company Limited (QVC) Q.S.C.	**659**	**--**	1455	--
Qatofin Company Limited Q.P.J.S.C.	**2,206**	**--**	58	--
	7,782,131	**148**	15,054,348	170

Goods and services from related parties

	Purchases QR.'000	Administrative expenses QR '000	Dividends and tax benefits	Other income/ (expenses) QR '000
Year ended December 31, 2023				
Ultimate parent				
QatarEnergy	**3,316,935**	**59,877**	**--**	**27,967**
Joint venture				
QAFAC	**32,617**	**--**	**376,522**	**(1,564)**
QAPCO*	**--**	**--**	**1,294,226**	**(3,570)**
Associates				
Qatar Metals Coating Company W.L.L.	**7**	**--**	**--**	**--**
SOLB Steel Company	**--**	**--**	**--**	**592**
Entities under common control				
Qatar Chemical and Petrochemical Marketing and Distribution Company (Muntajat) Q.J.S.C.	**--**	**251,303**	**--**	**--**
Gulf International Services Q.P.S.C.	**--**	**--**	**--**	**(530)**
Mesaieed Petrochemical Holding Company Q.P.S.C.	**--**	**--**	**--**	**(5,270)**
Qatar Aluminium Manufacturing Company Q.P.S.C.	**--**	**--**	**--**	**(2,915)**
Qatofin Company Limited Q.P.J.S.C.	**--**	**--**	**--**	**(1,762)**
GASAL Company Q.S.C.	**64,478**	**--**	**--**	**84**
Bahrain Steel B.S.C.	**37,277**			**--**
Qatar Fuel Company Q.P.S.C	**11,993**	**--**	**--**	**--**
	3,463,307	**311,180**	**1,670,748**	**13,032**

* Tax benefit income from QAPCO also includes the tax benefit income from its related entities.

	Purchases QR.'000	Administrative expenses QR '000	Dividends and tax benefits	Other income/ (expenses) QR '000
Year ended December 31, 2022				
Ultimate parent				
QatarEnergy	7,283,800	79,982	--	25,335
Joint venture				
QAFAC	41,745	--	607,339	(1,275)
QAPCO	--	--	1,562,270	(3,590)
Associates				
Qatar Metals Coating Company W.L.L.	186	--	--	--
SOLB Steel Company	--	--	--	155
Entities under common control				
Qatar Chemical and Petrochemical Marketing and Distribution Company (Muntajat) Q.J.S.C.	--	478,771	--	--
Gulf International Services Q.P.S.C.	--	--	--	(371)
Mesaieed Petrochemical Holding Company Q.P.S.C.	--	--	--	(5,022)
Qatar Aluminium Manufacturing Company Q.P.S.C.	--	--	--	(2,236)
Qatofin Company Limited Q.P.J.S.C.	--	--	--	(1,337)
GASAL Company Q.S.C.	60,042	--	--	50
Qatar Fuel Company Q.P.S.C	8,767	--	--	--
	7,394,540	558,753	2,169,609	11,709

	Nature of Transaction	2023 QR. '000s	2022 QR. '000s
Entity under common control			
Qatar Vinyl Company Limited (QVC) Q.S.C.	Deemed investment	**137,796**	35,060

	Purchases QR.'000	Administrative expenses QR '000	Dividends and tax benefits	Other income/ (expenses) QR '000
Year ended December 31, 2022				
Ultimate parent				
QatarEnergy	7,283,800	79,982	--	25,335
Joint venture				
QAFAC	41,745	--	607,339	(1,275)
QAPCO	--	--	1,562,270	(3,590)
Associates				
Qatar Metals Coating Company W.L.L.	186	--	--	--
SOLB Steel Company	--	--	--	155
Entities under common control				
Qatar Chemical and Petrochemical Marketing and Distribution Company (Muntajat) Q.J.S.C.	--	478,771	--	--
Gulf International Services Q.P.S.C.	--	--	--	(371)
Mesaieed Petrochemical Holding Company Q.P.S.C.	--	--	--	(5,022)
Qatar Aluminium Manufacturing Company Q.P.S.C.	--	--	--	(2,236)
Qatofin Company Limited Q.P.J.S.C.	--	--	--	(1,337)
GASAL Company Q.S.C.	60,042	--	--	50
Qatar Fuel Company Q.P.S.C	8,767	--	--	--
	7,394,540	558,753	2,169,609	11,709

	Nature of Transaction	2023 QR. '000s	2022 QR. '000s
Entity under common control			
Qatar Vinyl Company Limited (QVC) Q.S.C.	Deemed investment	**137,796**	35,060

b) Related party balances:

Due from related parties

	2023 QR.'000	2022 QR.'000
Measured at amortised cost		
Ultimate parent		
QatarEnergy	**4,424**	4,424
Joint venture		
QAPCO*	**687,306**	1,219,870
QAFAC*	**180,308**	237,879
Associates		
SOLB Steel Company	**54,362**	53,769
Qatar Metal Coating Company W.L.L.	**19,809**	14,249
Entities under common control		
Qatar Vinyl Company Limited (QVC) Q.S.C.	**115**	116
Al Koot Insurance and Reinsurance Company P.J.S.C.	**--**	4,430
Affiliates		
Qatar Industrial manufacturing company	**--**	30
	946,324	1,534,767
Less: Expected credit loss (i)	**(58,038)**	(58,038)
	888,286	1,476,729
Measured at fair value through profit or loss		
Under common control		
Qatar Chemical and Petrochemical Marketing and Distribution Company (Muntajat) Q.J.S.C.**	**622,950**	1,086,658
	1,511,236	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.

Due to related parties

	2023 QR.'000	2022 QR '000
Ultimate Parent Company		
QatarEnergy	**284,638**	587,718
Joint venture		
QAFAC	**3,136**	3,135
QAPCO	**260**	90
Entity under common control		
GASAL Company Q.S.C.	**2,566**	2,880
Gulf Industrial Investment Company	**37,276**	--
Al Koot Insurance and Reinsurance Company P.J.S.C.	**2,130**	5,539
Qatar Fuel Company Q.P.S.C	**8**	79
	330,014	599,441

(i) Expected credit losses

Expected credit losses amounting to QR. 58 million (2022: QR. 58 million) represents impairment charged against old outstanding receivables from related parties. 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.

Terms and conditions of transactions with related parties

Outstanding balances as at December 31, 2023 and as at 2022 are unsecured and interest-free. Other than those mentioned, there have been no guarantees provided or received for any related party receivables or payables.

Other guarantees with related parties

The Group has provided bank guarantees for its associates in respect of their borrowings from external banks. Total guarantees at the end of the year amounted to QR. 489 million (2022: QR. 489 million).

Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

	2023 QR.'000	2022 QR '000
Board of Directors remuneration*	**12,200**	12,425
Short term benefits	**43,063**	40,812
	55,263	53,237

* The Company's Board of Directors fees accrued for the year 2022 was QR 8,750,000. In addition to that, the fee of QR 9,025,254 also includes an amount of QR 275,254 related to 2021, which was approved and paid in 2022.

The Company has established a remuneration policy for its Board of Directors. This policy is comprised of two components: a fixed component, and a variable component. The variable component is related to the financial performance of the Company. The total Directors' remuneration is within the limit prescribed by the Qatar Commercial Companies' Law.

22. BASIC AND DILUTED EARNINGS PER SHARE

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

	2023 QR.'000	2022 QR '000
Profit for the year	**4,720,139**	8,814,654
Weighted average number of shares outstanding during the year (in thousands)	**6,050,000**	6,050,000
Basic and diluted earnings per share (QR)	**0.78**	1.46

23. INCOME TAX

	2023 QR.'000	2022 QR '000
Current income tax		
Current income tax charge	**699,260**	1,927,804
Adjustments for prior year income tax	**113**	3,043
	699,373	1,930,847
Group tax benefit (i)	**(697,725)**	(1,930,057)
	1,648	790

(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 the computation of income tax (effective foreign shareholding), in relation to its filing and payment of the 2022 income tax return for QAFCO and its subsidiaries. Per IFRIC 23 management has accounted for tax for the year ended December 31, 2023 under the previous basis (as 100% taxable) since there are uncertainties on the effective tax rate. The income tax payable balance continues to follow the treatment adopted in the prior year's consolidated financial statements and will be modified if required post alignment with tax authorities.

Reconciliation between income tax and the product of accounting profit multiplied by the effective tax rates applicable to entities that are engaged in petroleum and petrochemical operations, owned by directly or indirectly, partly or wholly by the Government and those entities not engaged in such operations, respectively, as follows:

	2023 QR.'000	2022 QR '000
Profit before tax	**4,724,437**	8,816,159
Adjustments for:		
Non-taxable income including carry forward losses	**(2,700,483)**	(2,909,750)
Non-deductible expenses and losses	**140,428**	138,083
Taxable income	**2,164,382**	6,044,492
Current income tax	**699,260**	1,927,804

Movement of income tax payable is as follow:

	2023 QR.'000	2022 QR '000
Opening balance	**790**	669
Income tax for the year	**699,259**	1,927,804
Income tax for the prior year net of previously recognized payable	**113**	3,043
Amount paid during the year	**(115)**	(669)
Group tax benefit relating to subsidiaries	**(697,725)**	(1,930,057)
Closing balance	**2,323**	790

Movement of deferred tax asset is as follow:

	2023 QR.'000	2022 QR '000
Opening balance	**--**	--
Deferred tax income during the year	**23,153**	2,963
Group consolidation adjustment	**(23,153)**	(2,963)
Closing balance	**--**	--

	2023 QR.'000	2022 QR '000
Raw materials, utilities and consumables used	**6,790,806**	10,199,159
Depreciation (Note 7)	**1,437,584**	1,445,576
Employee benefits expenses (Note 19)	**580,412**	618,532
Repair and maintenance	**123,145**	108,175
Amortisation of right-of-use assets (Note 11)	**29,757**	20,082
Others	**254,760**	280,089
	9,216,464	12,671,613

26. OTHER INCOME - NET

	2023 QR.'000	2022 QR '000
By-product sales	**(121,305)**	2,094
Unrealised gain on financial assets at fair value through profit or loss	**23,961**	48,608
Other income	**58,360**	50,526
	(38,984)	101,228

27. INCOME FROM INVESTMENTS

	2023 QR.'000	2022 QR '000
Dividend income from financial assets at fair value through profit and loss	**19,149**	15,588
Income on bank deposits – Islamic banks	**373,189**	203,046
Income on bank deposits – Other banks	**439,742**	257,836
	832,080	476,470

28. GENERAL AND ADMINISTRATIVE EXPENSES

	2023 QR.'000	2022 QR '000
Employee benefits expenses (Note 19)	**424,374**	402,556
Loss on disposal of property, plant and equipment	**1,181**	6,395
External services	**117,061**	87,987
Depreciation (Note 7)	**24,547**	20,894
Amortisation of right-of-use assets (Note 11)	**10,675**	10,627
Rental, utilities and supplies	**46,484**	29,072
Board of director's remuneration	**12,156**	12,425
Travel, transportation and communication	**9,457**	8,084
QatarEnergy fees	**7,331**	7,752
Qatar Exchange fees	**2,223**	1,818
Others	**84,324**	92,137
	739,813	679,747

The total audit fee for the Group is QR 1,522,542 (2022: QR 1,415,349).

29. COMMITMENTS

a. Capital commitments:

	2023 QR.'000	2022 QR '000
Estimated capital expenditure contracted for at the reporting date but not provided for:		
Property, plant and equipment	**5,735,992**	2,295,431

Capital expenditure commitments include QAFCO plant VII contract commitment of QR 4,984 million (2022: QR 1,223 million) at the reporting date.

b. Group's share in capital commitments incurred by joint venture entities:

	QAPCO QR.'000	QAFAC QR.'000	Total QR.'000
2023	**507,421**	**28,590**	**536,011**
2022	459,091	53,335	512,426

c. Group's share in capital commitments incurred by associates:

	2023 QR.'000	2022 QR '000
Capital commitments	**147,453**	49,012

30. CONTINGENT LIABILITIES

a. Group's share in contingent liabilities incurred by joint venture entities:

	2023 QR.'000	2022 QR.'000
Bank guarantees	**871**	1,785
Letter of Credit	**10,535**	10,032
	11,406	11,817

b. Group's share in contingent liabilities incurred by associates:

	2023 QR.'000	2022 QR '000
Letters of credit	**131,352**	188,485
Bank guarantees	**4,051**	7,071

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 other than the QR. 400 million (2022: QR. 400 million) already recognized.

Tax assessment for the years 2012 to 2017

The General Tax Authority ("GTA") issued income tax assessments to certain components of the Group for the years from 2012 to 2017, requiring the components to pay additional taxes and penalties of QR 954.6 million and disallowing some expenses amounting to QR 34.6 million.

The components have submitted formal objections, as per the requirement of the tax law, rejecting the full amount claimed by the GTA within 30 days.

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

Further, as per the terms of the MOU (Note 4), the Ministry of Finance undertakes to settle any income tax amounts payable by these components for the previous years directly to the GTA. Based on the ongoing advanced discussions and correspondence between QatarEnergy, on behalf of the Group, the Ministry of Finance, and the GTA, it is expected that the assessments will either be withdrawn or resolved amicably between the involved parties.

Site restoration obligations

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

	Start of the lease	Expiry of the lease
Qatar Steel	2005	2030
QAFCO		
Lease 1	2009	2029
Lease 2	2007	2032
QAPCO		
Lease 1	2003	2029
Lease 2	2005	2029

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 at December 31, 2023, no provision has been recognised for site restoration obligations. It has been assessed by management that the incurrence of site restoration costs by the Group is contingent to the option that lessor will exercise, the lessor has not yet notified the Group on this matter. Therefore, the criteria to recognise provision for restoration obligation has not been met and no provision has been recognised in these consolidated financial statements.

31. BUSINESS COMBINATION

On October 5, 2023 the Group acquired 100% shares and voting rights in Al Qataria for Production of Reinforcing Steel or "Al Qataria" which is located at New Industrial Area, Building 215, Street 27, P.O Box 23039, Doha, Qatar. The company's activities include the production of reinforcing steel bars and the trading in steel products. Currently it has annual production capacity of 500,000 MT's of rebar.

The transfer value ("Purchase consideration") of the acquisition is QR. 346 million and the provisional fair value of the net assets acquired was QR. 346 million before purchase price allocation. The Group have twelve months from the date of acquisition to complete a Purchase Price Allocation ("PPA") exercise which sets out in detail the way in which the fair value of the acquired Al Qataria assets and liabilities have been determined which will be reflected in subsequent financial statements. This exercise may result in different values being attributed to the assets, liabilities and contingent liabilities acquired, and the identification of other intangible assets, hence, change in the goodwill if any.

Below summarizes the details of assets acquired and liabilities assumed as per provisional Purchase Price Allocation:

	2023 QR '000
Property, plant and equipment	**345,037**
Right of use assets	**5,788**
Other financial assets	**1,893**
Lease liabilities	**(6,718)**
Net identifiable assets	**346,000**
Less: considerations paid	**(346,000)**
Goodwill	--
Net cash paid:	
Total consideration paid	**346,000**
Less: Cash acquired as part of acquisition	**(920)**
Net consideration paid	**345,080**

Acquisitions related cost:

The Group incurred acquisition-related costs of QAR 0.93 million relating to consultant and external professional fees during the current year. These costs have been included in 'General and administrative expenses' in the consolidated income statement.

32. SEGMENT REPORTING

The Group operates in the Gulf region. For management purposes, the Group is organised into business units based on their products and services. In determining business units, joint ventures of the Group are treated as if they are proportionately consolidated within the financial statements. The Group has three reportable segments as follows:

- The petrochemical segments, which produces and sells ethylene, polyethylene, MTBE, methanol and other petrochemical products.
- The fertilizer segment, which produces and sells urea, ammonia and other by-products.
- The steel segment, which produces and sells steel pellets, bars, billets and others.

Management of the Group monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss, which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial information.

Segment revenue

The revenue from external parties is measured in the same way as in the statement of profit or loss.

	December 31, 2023			December 31, 2022		
	Total QR '000	Inter-segment revenue QR '000	Revenue from external customers QR '000	Total QR '000	Inter-segment revenue QR '000	Revenue from external customers QR '000
Petrochemicals	**3,937,153**	--	**3,937,153**	5,237,294	--	5,237,294
Fertilisers	**7,479,854**	--	**7,479,854**	14,531,756	--	14,531,756
Steel	**4,264,178**	--	**4,264,178**	4,261,838	--	4,261,838
Total segment revenue	**15,681,185**	--	**15,681,185**	24,030,888	--	24,030,888
Revenue from investments in joint venture accounted for using equity method	**(3,937,153)**	--	**(3,937,153)**	(5,237,294)	--	(5,237,294)
Revenue per consolidated statement of profit or loss	**11,744,032**	--	**11,744,032**	18,793,594	--	18,793,594

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.

Revenues of approximately QR.11,416 million (2022: QR. 19,769 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 steel products and 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 segment revenues in 2023, 76% is made in Qatar (2022: 86%), 8% is made in UAE (2022: 4%) and the remaining is distributed in a number of countries which is not split for purpose of segment reporting.

Segment profit

The following table presents profit information regarding the Group's operating segments for the year ended December 31, 2023 and 2022, respectively:

As of December 31, 2023	Petrochemicals QR '000	Fertilisers QR '000	Steel QR '000	Total QR '000
Segment profit	**1,359,961**	**1,886,520**	**745,786**	**3,992,267**
Share of results from associates	--	--	**281,651**	**281,651**
Total segment profit	**1,359,961**	**1,886,520**	**1,027,437**	**4,273,918**
*Unallocated income:**				
Interest income				**629,223**
Dividend income				**19,149**
Other income				**30,763**
				679,135
*Unallocated expense:**				
Board of Director's fees and expenses				**(8,750)**
QatarEnergy annual fee				**(7,331)**
Qatar Exchange fees/charges				**(2,223)**
Advertisements				**(140)**
Other expenses				**(211,820)**
				(230,264)
Profit for the year				**4,722,789**

As of December 31, 2022	Petrochemicals QR '000	Fertilisers QR '000	Steel QR '000	Total QR '000
Segment profit (as previously presented)	2,460,433	5,348,712	460,931	8,270,076
Share of results from associates	--	--	427,855	427,855
Total segment profit	2,460,433	5,348,712	888,786	8,697,931
*Unallocated income:**				
Interest income				344,367
Dividend income				15,588
Other income				55,623
				415,578
*Unallocated expense:**				
Board of Director's fees and expenses				(9,025)
QatarEnergy annual fee				(7,752)
Qatar Exchange fees/charges				(2,223)
Advertisements				(140)
Other expenses				(279,005)
				(298,145)
Profit for the year				8,815,364

* These represent the income and expenses of IQ. These do not include the dividend from subsidiaries amounting to QR. 3,475 million (2022: QR. 4,774 million) and dividend from joint ventures amounting to QR. 1,147 million (2022: QR. 1,226 million). The subsidiaries are fully consolidated and dividend received from subsidiaries is eliminated at consolidated level. Investment in joint ventures are accounted for using equity method and are eliminated at consolidated level.

Segment assets

The following table presents segment assets regarding the Group's business segments as at December 31, 2023 and 2022. Reconciliation of reportable segments total assets:

	Petrochemicals QR '000	Fertilisers QR '000	Steel QR '000	Others QR '000	Adjustments and eliminations QR '000	Total QR '000
Segment assets:						
At December 31, 2023	**8,156,758**	**13,850,621**	**8,641,118**	**25,457,163**	**(13,053,045)**	**43,052,615**
At December 31, 2022	9,099,792	14,940,922	7,714,503	25,821,140	(12,571,595)	45,004,762

Below is the breakdown of IQ's statement of financial position:

	2023 QR '000	2022 QR '000
Assets		
Non-current assets		
Investment in subsidiaries and joint ventures (at cost)	**9,379,454**	9,379,454
Deemed Investment	**137,797**	35,060
Total non-current asset	**9,517,251**	9,414,514
Current assets		
Other debit balances	**135,776**	98,691
Due from related parties	**3,655,286**	3,384,778
Financial asset at fair value through profit or loss	**421,079**	397,118
Cash and bank balances	**887,924**	5,902,175
Fixed deposits	**10,839,847**	6,623,864
Total current assets	**15,939,912**	16,406,626
Total assets	**25,457,163**	25,821,140
Non-current liability		
Financial liability under forward contract	**1,674,152**	806,367
Total non-current liability	**1,674,152**	806,367
Current liabilities		
Accounts payable and accruals	**223,253**	330,139
Due to a related party	**7,617**	6,856
Total current liabilities	**230,870**	336,995
Total liabilities	**1,905,022**	1,143,362
Equity		
Share capital	**6,050,000**	6,050,000
Legal reserve	**174,723**	174,723
Retained earnings	**17,327,418**	18,453,055
Total equity	**23,552,141**	24,677,778
Total liabilities and equity	**25,457,163**	25,821,140

33. FINANCIAL RISK MANAGEMENT

a. Objectives and policies

The treasury function of each entity in the Group provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk, liquidity risk and insurance risk.

The Group seeks to minimize the effects of certain of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by QatarEnergy's policies approved by the board of directors, which provide written principles on foreign exchange risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. QatarEnergy does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. There have been no changes in the objectives, policies and processes for managing and measuring risk from the previous year.

b. Market risk

Market risk is the risk that changes in market prices, such as commodity prices, foreign exchange rates and interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Group's activities expose it primarily to the financial risks of changes in commodity prices, foreign currency exchange rates and interest rates.

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's financial assets and liabilities with floating interest rates. These financial assets and liabilities with floating interest rates includes cash and bank balances and interest bearing loans which are mostly on floating rate basis.

Sensitivity

For floating rate assets, the analysis is prepared assuming the amount of the assets held outstanding at the end of the reporting period was outstanding for the whole year. As at reporting date, if interest rates had been 100 basis point higher/lower with all other variables held constant, income for the year would have been QR 143 million (2022: QR 142 million) higher/lower, mainly as a result of higher/lower interest income on floating rate assets and liabilities.

(ii) Foreign currency exchange risk

The Group undertakes certain transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Management is of the opinion that the Group's exposure to currency risk is not significant as most of its foreign currency transactions are in United States Dollar which is pegged to Qatari Riyal.

(iii) Equity price risk

The Group's listed investments are susceptible to equity price risk arising from uncertainties about future values of the investments. The Group manages the equity price risk through diversification and placing limits on individual and total portfolio of equity instruments. Reports on the equity portfolio are submitted to QatarEnergy's senior management on a regular basis and results are reviewed by the Board of Directors of each Group entity.

(iii) Equity price risk

Sensitivity

As at the reporting date, the exposure to listed equity securities at fair value was QR 421.08 million (2022: QR 393.5 million) which includes financial assets at FVTPL (Note 12). An increase or decrease of 10% on the Qatar Exchange (QE) index would have an impact of approximately QR 42.1 million (2022: QR 39.3 million) on the equity.

The majority of the Group's equity investments are publicly traded and are included in the Qatar Stock Exchange.

(iv) Commodity price risk

Exposure

Volatility in prices of oil and gas and refined products is a pervasive element of the Group's business environment as the Group's production and purchase of certain products and sales of refined products and crude oil are based on international commodity prices in accordance with a commercial supply agreement entered into with sales agents. The Group's refining margin is affected by disproportionate fluctuations in the prices of crude oil and refined products.

The Group is also exposed significantly to commodity price risk, which arises from the purchase and consumption of large volumes of raw materials in its normal course of business. Raw material prices are linked to an index, which is volatile and influenced by worldwide factors such as political events, supply and demand fundamentals.

The Group does not use any derivative instruments to manage commodity price risks or for speculative purposes. The Group' sensitivity to commodity prices has not changed significantly from the prior year.

b. Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the creditworthiness of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. Further, the Group limits its exposure on export customers by taking out letters of credit.

In order to minimise credit risk, the Group develops and maintains the Group's credit risk gradings to categorise exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

December 31, 2023	Note	External credit ratings	12 month or lifetime ECL	Gross carrying amount QR '000	Loss allowance QR '000	Net carrying amount QR '000
Trade and other receivables*	14	N/A	Lifetime ECL	**2,029,227**	**(58,395)**	**1,970,832**
Fixed deposits	6	N/A	Lifetime ECL	**10,849,847**	--	**10,849,847**
Cash and bank balances	5	Aaa, Aa and A	12-month ECL	**3,564,272**	--	**3,564,272**

December 31, 2022	Note	External credit ratings	12 month or lifetime ECL	Gross carrying amount QR '000	Loss allowance QR '000	Net carrying amount QR '000
Trade and other receivables*	14	N/A	Lifetime ECL	2,305,488	(58,492)	2,246,996
Fixed deposits	6	N/A	Lifetime ECL	7,183,864	--	7,183,864
Cash and bank balances	5	Aaa, Aa and A	12-month ECL	9,735,347	--	9,735,347

*Trade and other receivables includes trade accounts receivable at amortised costs, due from related parties, loans to employees, accrued interest and other receivables.

For trade receivables, the Group has applied the simplified approach to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

c. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Analysis of financial assets and liabilities

The table below summarises the maturity profile of the Group's financial assets and liabilities as at the reporting date based on undiscounted contractual repayment obligations:

Contractual maturities of financial liabilities	Less than 1 year QR '000	Between 1-5 years QR '000	More than 5 years QR '000	Total non-current QR '000	Total contractual cash flows QR '000	Carrying amount of liabilities QR '000
At December 31, 2023						
Lease liability	**67,875**	**267,277**	**230,440**	**497,717**	**565,592**	**381,784**
Trade payables	**438,416**	--	--	--	**438,416**	**438,416**
Financial guarantees	**400,000**	--	--	--	**400,000**	**400,000**
Due to related parties	**330,014**	--	--	--	**330,014**	**330,014**
Dividend payable	**104,338**	--	--	--	**104,338**	**104,338**
Due to government	**34,289**	--	--	--	**34,289**	**34,289**
Accrued expenses	**760,538**	--	--	--	**760,538**	**760,538**
Other payables	**43,613**	--	--	--	**43,613**	**43,613**
	2,179,083	**267,277**	**230,440**	**497,717**	**2,679,800**	**2,492,992**

Contractual maturities of financial liabilities	Less than 1 year QR '000	Between 1-5 years QR '000	More than 5 years QR '000	Total non-current QR '000	Total contractual cash flows QR '000	Carrying amount of Liabilities QR '000
At December 31, 2022						
Lease liability	108,998	180,296	287,859	468,155	577,153	386,259
Trade payables	323,947	--	--	--	323,947	323,947
Financial guarantees	400,000	--	--	--	400,000	400,000
Due to related parties	599,441	--	--	--	599,441	599,441
Dividend payable	108,400	--	--	--	108,400	108,400
Due to government	34,289	--	--	--	34,289	34,289
Accrued expenses	425,246	--	--	--	425,246	425,246
Other payables	30,101	--	--	--	30,101	30,101
	2,030,422	180,296	287,859	468,155	2,498,577	2,307,683

Capital management

Capital includes equity attributable to the equity holders of the parent less net unrealised gains reserve.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended December 31, 2023 and 2022.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents. Capital includes equity attributable to the equity holders of the Industries of Qatar less the net unrealised gains reserve.

Gearing ratio

The gearing ratio at year end was as follows:

	2023 QR.'000s	2022 QR '000
Cash and cash equivalents (Note 5)	**(3,460,004)**	(9,626,954)
Net debt	**(3,460,004)**	(9,626,954)
Equity (i)	**39,976,341**	42,019,548
Net debt to equity ratio	**(8.66%)**	(22.91%)

(i) Equity is comprised of share capital, reserves, retained earnings and non-controlling interest.

34. FAIR VALUES OF FINANCIAL INSTRUMENTS

a.) Fair value measurements

Financial instruments represent any contractual agreement that creates a financial asset, financial liability or an equity instrument. Financial assets comprise bank balances, trade and other receivables, amounts due from related parties, financial assets at fair value though profit or loss (FVTPL). Financial liabilities comprise trade payables and other non-current liabilities.

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

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
Level 2: inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices);and
Level 3: inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

Classes and categories of financial instruments and their fair values

The following table combines information about:

- classes of financial instruments based on their nature and characteristics;
- the carrying amounts of financial instruments;
- fair values of financial instruments; and
- fair value hierarchy levels of financial assets and financial liabilities for which fair value was disclosed.

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

	Level 1	Level 2	Level 3	Total
As at December 31, 2023				
Financial assets at fair value through profit and loss:				
Quoted price in an active market	**421,079**	--	--	**421,079**
Receivables measured at fair value				
Based on unobservable inputs	--	--	**622,950**	**622,950**
As at December 31, 2022				
Financial assets at fair value through profit and loss:				
Quoted price in an active market	393,533	--	--	393,533
Based on unobservable inputs	--	--	3,585	3,585
Receivables measured at fair value				
Based on unobservable inputs	--	--	1,086,658	1,086,658

During the year ended December 2023, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurements.

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.

b.) Reconciliation of liabilities arising from financing activities

The below table details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes.

	At January 1, 2023 QR '000	Financing cash flows QR '000	Non cash changes *(Note 11)* QR '000	At December 31, 2023 QR '000
Lease liabilities	**386,259**	**(123,236)**	**118,762**	**381,785**

	At January 1, 2022 QR '000	Financing cash flows QR '000	Non cash changes *(Note 11)* QR '000	At December 31, 2022 QR '000
Lease liabilities	373,676	(33,937)	46,520	386,259

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