

Industries Qatar Q.P.S.C.

Condensed consolidated interim financial information

30 June 2025

Industries Qatar Q.P.S.C.

Condensed consolidated interim financial information

As at and for the six-month period ended 30 June 2025

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Independent auditors' report on review of condensed consolidated interim financial information

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

Introduction

We have reviewed the accompanying 30 June 2025 condensed consolidated interim financial information of Industries Qatar Q.P.S.C. (the Company) and its subsidiaries (together the "Group"), which comprises:

- the condensed consolidated statement of financial position as at 30 June 2025;
- the condensed consolidated statement of profit or loss for the six-month period ended 30 June 2025;
- the condensed consolidated statement of comprehensive income for the six-month period ended 30 June 2025;
- the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2025;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2025; and
- notes to the condensed consolidated interim financial information.

The Board of Directors of the Company is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Independent auditors' report on review of condensed consolidated interim financial information (continued)

Industries Qatar Q.P.S.C.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2025 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

7 August 2025
Doha
State of Qatar

Gopal Balasubramaniam
KPMG
Qatar Auditors' Registry Number 251
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Condensed consolidated statement of financial position
As at 30 June 2025

QR '000

	Note	30 June 2025 (Reviewed)	31 December 2024 (Audited) Restated*
ASSETS			
Non-current assets			
Property, plant and equipment	4	15,986,983	15,756,977
Capital project advances	5	65,003	104,671
Investments in associates	6	2,103,018	2,081,580
Investments in joint ventures	7	6,179,736	5,846,070
Advances	8	388,927	315,544
Rights-of-use assets	9	312,074	336,951
Other non-current assets		184,111	178,109
Deferred tax asset		17,244	17,264
Total non-current assets		25,237,096	24,637,166
Current assets			
Inventories	10	3,384,361	3,364,009
Trade and other receivables	11	3,084,749	3,441,778
Equity securities at FVTPL	13	423,261	401,389
Fixed deposits and other bank balances	14A	6,118,633	7,371,600
Cash and cash equivalents	14	3,111,626	3,433,990
Total current assets		16,122,630	18,012,766
Total assets		41,359,726	42,649,932

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The accompanying notes 1 to 29 are an integral part of this condensed consolidated interim financial information.

Condensed consolidated statement of financial position
As at 30 June 2025

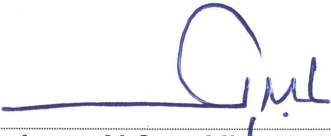
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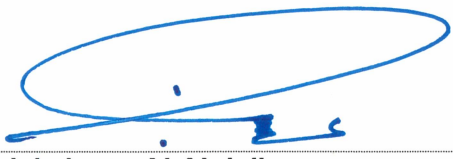
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		30 June 2025	31 December 2024
	Note	(Reviewed)	(Audited) Restated*
EQUITY AND LIABILITIES			
EQUITY			
Share capital		6,050,000	6,050,000
Legal reserve		327,059	327,059
Other reserves		(67,535)	(65,105)
Retained earnings		30,962,855	31,608,979
Equity attributable to owners of the Company		37,272,379	37,920,933
Non-controlling interests		903,365	895,235
Total equity		38,175,744	38,816,168
LIABILITIES			
Non-current liabilities			
Lease liabilities	9	355,696	390,797
Provision for employees' end of service benefits	15	567,116	552,225
Deferred tax liability		62,673	66,176
Total non-current liabilities		985,485	1,009,198
Current liabilities			
Trade and other payables	16	2,107,908	2,623,178
Lease liabilities	9	74,355	64,331
Income tax payable	17	16,234	137,057
Total current liabilities		2,198,497	2,824,566
Total liabilities		3,183,982	3,833,764
Total equity and liabilities		41,359,726	42,649,932

* The comparative information has been restated due to the completion of acquisition accounting for a subsidiary. Refer to Note 27.

This condensed consolidated interim financial information was prepared by the Company and approved and authorized for issue by the Board of Directors on 7 August 2025 and signed on its behalf by:


Abdulrahman Al-Suwaidi
Board Member


Abdulrahman Al-Abdulla
Board Member



The accompanying notes 1 to 29 are an integral part of this condensed consolidated interim financial information.

Condensed consolidated statement of profit or loss
For the six-month period ended 30 June 2025

QR '000

		30 June 2025 (Reviewed)	30 June 2024 (Reviewed) <i>Restated*</i>
	Note		
Revenues	18	7,300,346	5,699,478
Cost of sales	19	<u>(5,723,339)</u>	<u>(4,349,336)</u>
Gross profit		1,577,007	1,350,142
Other income – net	20	301,428	893,270
General and administrative expenses		(409,575)	(328,499)
Selling and distribution expenses		(28,651)	(41,397)
Share of profits of associates – net of tax		102,037	125,813
Share of profits of joint ventures	7	456,066	700,082
Finance costs		<u>(15,430)</u>	<u>(14,001)</u>
Profit before tax		1,982,882	2,685,410
Income tax expense	17	<u>(18,026)</u>	<u>(9,772)</u>
Profit for the period		1,964,856	2,675,638
Profit attributable to:			
Owners of the Company		1,955,376	2,660,915
Non-controlling interests		<u>9,480</u>	<u>14,723</u>
		1,964,856	2,675,638
Earnings per share			
Basic and diluted earnings (QR per share)	21	0.32	0.44

* The comparative information has been restated due to the completion of acquisition accounting for a subsidiary. Refer to Note 27.



The accompanying notes 1 to 29 are an integral part of this condensed consolidated interim financial information.

Condensed consolidated statement of comprehensive income
For the six-month period ended 30 June 2025

QR '000

	30 June 2025 (Reviewed)	30 June 2024 (Reviewed) Restated*
Profit for the period	<u>1,964,856</u>	<u>2,675,638</u>
Other comprehensive (loss) / income <i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Share of other comprehensive (loss) / income of associates	<u>(2,430)</u>	<u>8,395</u>
Total comprehensive income for the period	<u>1,962,426</u>	<u>2,684,033</u>
Total comprehensive income attributable to:		
Owners of the Company	1,952,946	2,669,310
Non-controlling interests	<u>9,480</u>	<u>14,723</u>
	<u>1,962,426</u>	<u>2,684,033</u>

* The comparative information has been restated due to the completion of acquisition accounting for a subsidiary. Refer to Note 27.



The accompanying notes 1 to 29 are an integral part of this condensed consolidated interim financial information.

Condensed consolidated statement of changes in equity
For the six-month period ended 30 June 2025

QR '000

	Share capital	Legal reserve	Other reserves	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total equity
At 1 January 2024 (Audited)	6,050,000	271,942	(62,265)	33,699,253	39,958,930	17,411	39,976,341
Profit for the period (Restated*)	-	-	-	2,660,915	2,660,915	14,723	2,675,638
Other comprehensive income	-	-	8,395	-	8,395	-	8,395
Total comprehensive income for the period (Restated*)	-	-	8,395	2,660,915	2,669,310	14,723	2,684,033
<i>Transaction with owners:</i>							
Dividend declared (Note 22)	-	-	-	(4,719,000)	(4,719,000)	(510)	(4,719,510)
Acquisition of a subsidiary with NCI (Restated*)	-	-	-	-	-	817,708	817,708
At 30 June 2024 (Reviewed and restated*)	<u>6,050,000</u>	<u>271,942</u>	<u>(53,870)</u>	<u>31,641,168</u>	<u>37,909,240</u>	<u>849,332</u>	<u>38,758,572</u>
At 1 January 2025 (As previously reported)	6,050,000	327,059	(65,105)	31,437,783	37,749,737	902,435	38,652,172
Impact of restatement (Note 27)	-	-	-	171,196	171,196	(7,200)	163,996
At 1 January 2025 (Restated*)	<u>6,050,000</u>	<u>327,059</u>	<u>(65,105)</u>	<u>31,608,979</u>	<u>37,920,933</u>	<u>895,235</u>	<u>38,816,168</u>
Profit for the period	-	-	-	1,955,376	1,955,376	9,480	1,964,856
Other comprehensive loss	-	-	(2,430)	-	(2,430)	-	(2,430)
Total comprehensive (loss) / income for the period	-	-	(2,430)	1,955,376	1,952,946	9,480	1,962,426
<i>Transaction with owners:</i>							
Dividend declared (Note 22)	-	-	-	(2,601,500)	(2,601,500)	(1,350)	(2,602,850)
At 30 June 2025 (Reviewed)	<u>6,050,000</u>	<u>327,059</u>	<u>(67,535)</u>	<u>30,962,855</u>	<u>37,272,379</u>	<u>903,365</u>	<u>38,175,744</u>



* The comparative information has been restated due to the completion of acquisition accounting for a subsidiary. Refer to Note 27.

The accompanying notes 1 to 29 are an integral part of this condensed consolidated interim financial information.

Condensed consolidated statement of cash flows
For the six-month period ended 30 June 2025

QR '000

	Note	30 June 2025 (Reviewed)	30 June 2024 (Reviewed) Restated*
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		1,964,856	2,675,638
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	4	793,958	705,987
Amortization of other non-current assets		18,032	9,782
Depreciation of right-of-use assets	9	30,516	22,163
Gain on lease termination		(157)	-
Provision for employees' end of service benefits		47,149	39,173
Share of profits of associates – net of tax		(102,037)	(125,813)
Share of profits of joint ventures	7	(456,066)	(700,082)
Reversal of provision for financial guarantee		-	(142,658)
Loss / (profit) on write-off / disposal of property, plant and equipment		373	(4,320)
Finance costs		15,430	14,001
Interest income	20	(212,118)	(362,705)
Provision for slow-moving inventories		18,926	13,851
Income tax expense	17	18,026	9,772
Fair value (gain) / loss on equity securities	20	(21,872)	18,424
Dividend income from equity securities		(15,626)	(18,915)
Bargain purchase gain	20	-	(225,763)
Gain on remeasurement of previously held equity interest	20	-	(146,475)
Cash from operating activities before changes in working capital		2,099,390	1,782,060
Changes in working capital			
Inventories		(39,278)	78,890
Trade and other receivables		122,619	736,749
Trade and other payables		(409,237)	(346,352)
Cash generated from operations		1,773,494	2,251,347
Payments of end of service benefits		(35,060)	(31,965)
Payments of income tax		(142,332)	(3,071)
Social and sports contribution fund paid		(102,146)	(108,836)
Net cash from operating activities		1,493,956	2,107,475
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposals of property, plant and equipment		-	8,758
Additions to property, plant and equipment		(984,669)	(842,847)
Movement in other non-current assets		(24,034)	(715)
Movement in fixed deposits and other bank balances		1,252,967	1,701,627
Dividends received from equity securities		15,626	18,915
Dividends and tax benefits received from joint ventures		122,400	273,000
Dividends received from associates		139,056	275,612
Interest received		434,327	336,484
Advance to a related party		(73,383)	(99,473)
Additional investment in an associate		(48,686)	-
Net cash inflow on acquisition of a subsidiary		-	478,288
Net cash from investing activities		833,604	2,149,649

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The accompanying notes 1 to 29 are an integral part of this condensed consolidated interim financial information.

Condensed consolidated statement of cash flows
For the six-month period ended 30 June 2025

QR '000

Continued from previous page

	30 June 2025 (Reviewed)	30 June 2024 (Reviewed) Restated*
Note		
CASH FLOWS FROM FINANCING ACTIVITIES		
Other finance charges paid	(499)	(289)
Interest paid related to lease liabilities	(12,129)	(10,715)
Repayment of principal related to lease liabilities	(30,559)	(27,646)
Movement in unclaimed dividend bank accounts	(3,887)	(9,165)
Dividend paid to non-controlling interest	(1,350)	(510)
Dividend paid	(2,601,500)	(4,719,000)
Cash used in financing activities	(2,649,924)	(4,767,325)
Net change in cash and cash equivalents	(322,364)	(510,201)
Cash and cash equivalents at 1 January	3,433,990	3,460,004
Cash and cash equivalents at 30 June	3,111,626	2,949,803

Non-cash transactions:

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

- The Group recognised an additional right-of-use assets and lease liabilities amounting to QR 8.9 million (30 June 2024: QR 89.6 million).
- During the period, in connection with the subscription to a rights issue of shares by SOLB, the Group transferred QR 12.2 million from "Due from related parties" under trade and other receivables to investment in associate.



* The comparative information has been restated due to the completion of acquisition accounting for a subsidiary. Refer to Note 27.

The accompanying notes 1 to 29 are an integral part of this condensed consolidated interim financial information.

Notes to the condensed consolidated interim financial information
As at and for the six-month period ended 30 June 2025

1. Legal status and principal activities

Industries Qatar Q.P.S.C (the “Company” or “IQ”) is a Qatari Public Shareholding Company, incorporated in the State of Qatar on 19 April 2003, in accordance with Qatar Commercial Companies Law No. 5 of 2002, as replaced by Qatar Commercial Companies Law No. 11 of 2015, for a 50-year term by resolution No. 33 of 2003 from the Ministry of Commerce and Industry of the State of Qatar. The Company’s shares are listed on the Qatar Stock Exchange. The Company’s registered office is situated in Doha, State of Qatar. QatarEnergy is the controlling shareholder of the Company (referred to as the “Parent”), and QatarEnergy is owned by Supreme Council for Economic Affairs and Investment of the Government of State of Qatar, which is the ultimate controlling party.

IQ, its subsidiaries, associates and joint ventures (together the “Group”) operate in three main distinct segments: petrochemicals, fertilisers and steel. More information about the Group’s activities is given in Note 24. The structure of the Group, included in this condensed consolidated interim financial information is as follows:

	Relationship	Country of incorporation	Percentage of holding	
			30 June 2025	31 December 2024
Qatar Steel Company (Qatari Private Shareholding Company) (“Qatar Steel”)	Subsidiary	Qatar	100%	100%
Qatar Steel Company FZE (Dubai)	Subsidiary	UAE	100%	100%
Al Qataria for Production and Reinforcing Steel W.L.L. (“Al Qataria”)	Subsidiary	Qatar	100%	100%
Qatar Fertiliser Company (Qatari Private Shareholding Company) (“QAFCO”)	Subsidiary	Qatar	100%	100%
Gulf Formaldehyde Company (Qatari Private Shareholding Company) (“GFC”)	Subsidiary	Qatar	70%	70%
Qatar Melamine Company (Qatari Private Shareholding Company) (“QMC”)	Subsidiary	Qatar	100%	100%
Qatar Fuel Additives Company Limited (Qatari Private Shareholding Company) (“QAFAC”) (i)	Subsidiary	Qatar	50%	50%
Qatar Metals Coating Company W.L.L.	Associate	Qatar	50%	50%
SOLB Steel Company (SSC) (SOLB)	Associate	Kingdom of Saudi Arabia	40.44%	40.38%
Foulath Holding B.S.C.	Associate	Bahrain	25%	25%
Qatar Petrochemical Company (QAPCO) Q.P.J.S.C. (“QAPCO”)	Joint venture	Qatar	80%	80%

(i) On 10 June 2024, QAFAC became a subsidiary of the Group. Refer to Note 27.

**Notes to the condensed consolidated interim financial information
As at and for the six-month period ended 30 June 2025**

2. Basis of accounting

2.1 Statement of compliance

The condensed consolidated interim financial information for the six-month period ended 30 June 2025 have been prepared in accordance with *IAS 34 Interim Financial Reporting*, and should be read in conjunction with the Group's last annual consolidated financial statements as at and for the year ended 31 December 2024 ('last annual financial statements'). They do not include all of the information required for a complete set of financial statements prepared in accordance with IFRS Accounting Standards. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual financial statements. In addition, results for the six-month period ended 30 June 2025 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2025.

2.2 Basis of measurement

This condensed consolidated interim financial information has been prepared using the historical cost basis except for certain assets acquired in a business combination and assets at fair value through profit or loss, which are measured at fair value.

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.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1*: quoted prices (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 assets of liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- *Level 3*: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2.3 Functional and presentation currency

The condensed consolidated interim financial information is presented in Qatari Riyals (QR), which is the Company's functional currency. All the financial information presented in this interim condensed consolidated financial information has been rounded off to nearest thousands (QR '000) except where otherwise indicated.

2.4 Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in last annual financial statements.

2.5 Use of judgments and estimates

In preparing this condensed consolidated interim financial information, management has made judgments and estimates about the future, including climate-related risks and opportunities, that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Notes to the condensed consolidated interim financial information
As at and for the six-month period ended 30 June 2025

3. Material accounting policies

Except as described below, the accounting policies used in the preparation of this condensed consolidated interim financial information are consistent with those used in the preparation of the Group's last annual financial statements.

New amendments to accounting standards issued and effective

During the current period, the Group adopted the below new accounting standards and amendments as applicable, that are effective for an annual reporting period beginning on 1 January 2025.

<i>Effective from 1 January 2025</i>	<ul style="list-style-type: none"> • <i>Lack of Exchangeability – Amendments to IAS 21</i>
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The application of these amendments had no material impact on the Group's condensed consolidated interim financial information.

Amendments to accounting standards not yet effective, but available for early adoption

The below amendments to accounting standards that are not yet effective but available for early adoption, have not been applied in preparing this condensed consolidated interim financial information:

<i>Effective for the year beginning 1 January 2026</i>	<ul style="list-style-type: none"> • <i>Classification and Measurement of Financial Instruments & Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7</i>
<i>Effective for the year beginning 1 January 2027</i>	<ul style="list-style-type: none"> • <i>IFRS 18 Presentation and Disclosure in Financial Statements</i> • <i>IFRS 19 Subsidiaries without Public Accountability: Disclosures</i>
<i>Available for optional adoption / effective date deferred indefinitely</i>	<ul style="list-style-type: none"> • <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28</i>

Management anticipates that these new accounting standards and amendments to accounting standards will be adopted in the Group's condensed consolidated interim financial information as and when they are applicable and adoption of these amendments to accounting standards is not expected to have a material impact on the condensed consolidated interim financial information of the Group in the period of initial application except for IFRS 18 Presentation and Disclosure in Financial Statements. The Group is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Group's statement of profit or loss, the statement of cash flows and additional disclosures required for Management-defined performance measures (MPMs).

Notes to the condensed consolidated interim financial information
As at and for the six-month period ended 30 June 2025

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4. Property, plant and equipment

	Buildings	Plant machinery and equipment	Furniture and other equipment	Capital work- in-progress	Total
At 31 December 2024 (Audited):					
Cost	5,037,427	19,452,458	322,702	4,448,497	29,261,084
Accumulated depreciation and impairment	(2,012,539)	(11,475,740)	(250,390)	-	(13,738,669)
Net carrying value (As previously reported)	<u>3,024,888</u>	<u>7,976,718</u>	<u>72,312</u>	<u>4,448,497</u>	<u>15,522,415</u>
Impact of restatement (Note 27)	28,151	206,411	-	-	234,562
At 31 December 2024 (Restated*)	<u>3,053,039</u>	<u>8,183,129</u>	<u>72,312</u>	<u>4,448,497</u>	<u>15,756,977</u>
Six-months period ended 30 June 2025 (Reviewed):					
Carrying value at 1 January 2025	3,053,039	8,183,129	72,312	4,448,497	15,756,977
Additions	-	4,121	354	980,194	984,669
Transfers	-	94,663	-	(94,663)	-
Transfer from capital project advances (Note 5)	-	39,668	-	-	39,668
Disposals / write-off	(81)	(292)	-	-	(373)
Depreciation charge	(127,939)	(652,589)	(13,430)	-	(793,958)
Carrying value at 30 June 2025	<u>2,925,019</u>	<u>7,668,700</u>	<u>59,236</u>	<u>5,334,028</u>	<u>15,986,983</u>
At 30 June 2025 (Reviewed):					
Cost	5,067,227	19,817,825	323,056	5,334,028	30,542,136
Accumulated depreciation and impairment	(2,142,208)	(12,149,125)	(263,820)	-	(14,555,153)
Net carrying value	<u>2,925,019</u>	<u>7,668,700</u>	<u>59,236</u>	<u>5,334,028</u>	<u>15,986,983</u>

Notes to the condensed consolidated interim financial information
As at and for the six-month period ended 30 June 2025

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4. Property, plant and equipment (continued)

The depreciation charge has been allocated in profit or loss as follows:

	30 June 2025 (Reviewed)	30 June 2024 (Reviewed) Restated*
Cost of sales	773,495	692,135
General and administrative expenses	20,035	13,414
Selling and distribution expenses	428	438
	793,958	705,987

* Refer to Note 27.

5. Capital project advances

	30 June 2025 (Reviewed)	31 December 2024 (Audited)
At 1 January	104,671	175,041
Released to capital work in progress	(39,668)	(70,370)
At 30 June / 31 December	65,003	104,671

The Group signed an agreement for the construction of QAFCO plant VII (Ammonia VII) project (the "project"). The project is expected to be completed in 2026. An advance payment for the project amounting to QR 192.37 million was paid in 2022.

6. Investments in associates

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

Name of associate	Principal activity	Place of incorporation and operation	Effective ownership %	
			30 June 2025 (Reviewed)	31 December 2024 (Audited)
Foulath Holding B.S.C.	Manufacturing of steel	Kingdom of Bahrain	25%	25%
SOLB Steel Company (SSC) (SOLB)	Manufacturing of steel	Kingdom of Saudi Arabia	40.44%	40.38%
Qatar Metals Coating Company W.L.L.	Production of epoxy resin coated bars	State of Qatar	50%	50%

The carrying amount of each associate is as follows:

	30 June 2025 (Reviewed)	31 December 2024 (Audited)
Foulath Holding B.S.C.	1,783,351	1,803,583
SOLB Steel Company (SOLB)	302,059	271,991
Qatar Metals Coating Company W.L.L.	17,608	6,006
	2,103,018	2,081,580

Notes to the condensed consolidated interim financial information
As at and for the six-month period ended 30 June 2025

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6. Investments in associates (continued)

The movement in carrying amount of associates is as follows:

	30 June 2025	31 December 2024
	(Reviewed)	(Audited)
At 1 January	2,081,580	1,810,706
Additional investment in an associate	60,887	-
Conversion of advances to investment	-	191,493
Share of net results from associates	102,037	345,509
Net share of other comprehensive income	(2,430)	9,484
Dividends received	(139,056)	(275,612)
At 30 June / 31 December	<u>2,103,018</u>	<u>2,081,580</u>

7. Investments in joint ventures

The movement in carrying amount of the joint ventures is as follows:

	30 June 2025	31 December 2024
	(Reviewed)	(Audited)
At 1 January	5,846,070	6,782,965
Share of profits	297,651	823,128
Adjustment related to tax benefit	158,415	436,838
Share of other comprehensive loss	-	(6,575)
Dividends and tax benefits received	(122,400)	(1,293,290)
Transferred to subsidiary (i)	-	(896,996)
At 30 June / 31 December	<u>6,179,736</u>	<u>5,846,070</u>

(i) The transfer relates to QAFAC which became a subsidiary of the Group on 10 June 2024. Refer to Note 27.

The share of profits of joint ventures and adjustment related to tax benefit have been presented in profit or loss as follow:

	30 June 2025	30 June 2024
	(Reviewed)	(Reviewed)
QAPCO	456,066	411,988
QAFAC	-	288,094
	<u>456,066</u>	<u>700,082</u>

(i) The share of profit from QAFAC for the six-month period ended 30 June 2024 represents its contribution up to 9 June 2024, after which it became a subsidiary of the Group and ceased to be accounted for as an equity-accounted investee. Refer to Note 27.

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8. Advances

	30 June 2025	31 December 2024
	<i>(Reviewed)</i>	<i>(Audited)</i>
Advances for investment in Qatar Vinyl Company (QVC)	<u>388,927</u>	<u>315,544</u>

On 1 March 2022, the Company entered into a 'Principles Agreement' with QVC and its existing shareholders to develop, build and operate a Polyvinyl Chloride (PVC) manufacturing facility with a total contract value of QR 870 million. The target completion date of the project is expected in September 2025. The project is funded by the Company (44.8%) and Mesaieed Petrochemical Holding Company Q.P.S.C. (a company controlled by the Parent) (MPHC) (55.2%) as per the 'Principles Agreement' entered among the existing shareholders of QVC and the Company.

Further, as per the 'Principles Agreement', QAPCO (31.9% shares) and QatarEnergy (12.9% shares) will transfer their respective shareholdings in QVC to the Company for nil consideration on 1 May 2026, which is the expiry date of existing joint venture agreement of QVC.

The Company will recognise the additional investment in its financial statements upon completion of the share transfer and other legal formalities in this regard. Further, as of that date, the outstanding advances will be converted into investment in QVC.

9. Right-of-use assets and lease liabilities*Group as a lessee*

The Group leases several assets including land and buildings, heavy duty equipment, motor vehicles and other assets. The lease term ranges between 2 – 30 years for land and buildings and 2 – 10 years for other assets.

	Right-of-use assets					Lease liabilities
	Land and building	Heavy duty equipment	Motor vehicles	Other assets	Total	
At 1 January 2024 (Audited)	171,000	53,370	3,384	34,090	261,844	381,784
Additions during the year	86,958	9,249	30,831	466	127,504	127,504
Depreciation expense	(32,986)	(14,272)	(4,095)	(1,044)	(52,397)	-
Interest expense	-	-	-	-	-	23,716
Payments	-	-	-	-	-	(77,876)
At 31 December 2024 (Audited)	224,972	48,347	30,120	33,512	336,951	455,128
Additions during the period	-	8,885	-	-	8,885	8,885
Depreciation expense	(17,730)	(8,675)	(3,590)	(521)	(30,516)	-
Derecognition	(3,246)	-	-	-	(3,246)	(3,403)
Interest expense	-	-	-	-	-	12,129
Payments	-	-	-	-	-	(42,688)
At 30 June 2025 (Reviewed)	<u>203,996</u>	<u>48,557</u>	<u>26,530</u>	<u>32,991</u>	<u>312,074</u>	<u>430,051</u>

9. Right-of-use assets and lease liabilities (continued)**Right-of-use assets (continued)**

The depreciation expense has been allocated in profit or loss as follows:

	30 June 2025 (Reviewed)	30 June 2024 (Reviewed)
Cost of sales	25,952	17,240
General and administrative expenses	4,564	4,923
	30,516	22,163

The lease liabilities are presented as follows:

	30 June 2025 (Reviewed)	31 December 2024 (Audited)
Non-current	355,696	390,797
Current	74,355	64,331
	430,051	455,128

10. Inventories

	30 June 2025 (Reviewed)	31 December 2024 (Audited)
Finished goods and goods for resale	1,140,477	1,221,576
Raw materials	547,684	457,246
Spares and consumables	1,239,844	1,169,714
Work in process	389,984	269,039
Additives	283,900	292,633
Goods in transit	60,914	213,317
	3,662,803	3,623,525
Less: provision for slow-moving inventories (i)	(278,442)	(259,516)
	3,384,361	3,364,009

(i) Movement in the provision for slow-moving inventories is as follows:

	30 June 2025 (Reviewed)	31 December 2024 (Audited)
At 1 January	259,516	230,729
Provision during the period / year	18,926	28,787
At 30 June / 31 December	278,442	259,516

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11. Trade and other receivables

	30 June 2025	31 December 2024
	<i>(Reviewed)</i>	<i>(Audited)</i>
Trade accounts receivable	837,072	810,577
Due from related parties (Note 12.2)	1,660,935	2,004,819
Advances to suppliers	122,226	13,785
Prepayments	58,064	40,245
Loans to employees	189,876	155,390
Accrued interest	96,290	318,499
Other receivables	178,681	156,858
	<u>3,143,144</u>	<u>3,500,173</u>
Less: expected credit losses	<u>(58,395)</u>	<u>(58,395)</u>
	<u>3,084,749</u>	<u>3,441,778</u>

12. Related party disclosures

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

12.1 Related party transactions

Transactions with related parties included in profit or loss are as follows:

	30 June 2025	30 June 2024
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Sales of goods and services		
<i>Associates</i>		
Qatar Metals Coating Company W.L.L.	45,187	21,487
SOLB Steel Company	143,511	1,883
<i>Affiliates</i>		
Qatar Vinyl Company Limited (QVC) Q.P.J.S.C.	395	343
Qatofin Company Limited Q.P.J.S.C.	77	-
GASAL Company Q.S.C.	40	54
<i>Parent</i>		
QatarEnergy	8,696	982
<i>Entities under common control</i>		
QatarEnergy Marketing	5,026,779	3,773,196
Qatar Fuel Company Q.P.S.C. (WOQOD)	195	-
	<u>5,224,880</u>	<u>3,797,945</u>

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12. Related party disclosures (continued)**12.1 Related party transactions (continued)**

	30 June 2025 (Reviewed)	30 June 2024 <i>(Reviewed)</i>
Purchases of goods and services		
<i>Parent</i>		
QatarEnergy	2,694,269	1,646,313
<i>Associates</i>		
Qatar Metals Coating Company W.L.L.	24	103
<i>Affiliates</i>		
Bahrain Steel B.S.C.	515,746	219,031
GASAL Company Q.S.C.	38,723	32,626
<i>Entities under common control</i>		
Al Koot Insurance and Reinsurance Company P.J.S.C.	26,648	669
Qatar Fuel Company Q.P.S.C (WOQOD)	6,528	5,252
Amwaj Catering Services Limited (Qatari Private Shareholding Company)	583	94
QatarEnergy Marketing	705	-
	3,283,226	1,904,088
Advances given		
<i>Associates</i>		
SOLB Steel Company	-	12,201
<i>Affiliates</i>		
Qatar Vinyl Company Limited (QVC) Q.P.J.S.C.	73,382	99,473
	73,382	111,674
Dividends received		
<i>Joint ventures and associates</i>		
Qatar Metal Coating Company W.L.L.	2,500	2,500
Foulath Holding B.S.C.	136,556	273,112
QAFAC (i)	-	273,000
	139,056	548,612
Foreign currency bought from the Parent and affiliates	858,785	3,561,376
Foreign currency sold to the Parent	1,055,600	8,995,152

(i) The transaction relates to when QAFAC was a joint venture. Refer to Note 27.

12. Related party disclosures (continued)**12.2 Related party balances**

Outstanding balances as at 30 June 2025 and 31 December 2024 are unsecured and interest-free. Other than those mentioned, there have been no guarantees provided or received for any related party receivables or payables.

Due from related parties

	30 June 2025 (Reviewed)	31 December 2024 (Audited)
<i>Parent</i>		
QatarEnergy	13,256	7,108
<i>Joint venture and associates</i>		
QAPCO*	122,400	768,450
SOLB Steel Company	294,707	233,911
Qatar Metals Coating Company W.L.L.	25,806	14,568
<i>Affiliates</i>		
Qatofin Company Limited Q.P.J.S.C.	-	14
Qatar Vinyl Company Limited (QVC) Q.S.C.	69	43
<i>Entities under common control</i>		
QatarEnergy Marketing	1,204,697	980,673
Qatar Fuel Company Q.P.S.C (WOQOD)	-	52
	1,660,935	2,004,819
Less: expected credit loss (i)	(58,038)	(58,038)
	1,602,897	1,946,781

* The balance represents dividend and tax benefit related receivables.

Due from related parties are unsecured and non-interest bearing. These are collectible within the Group's normal credit term.

12. Related party disclosures (continued)**12.2 Related party balances*****Due to related parties***

	30 June 2025 (Reviewed)	31 December 2024 (Audited)
<i>Parent</i>		
QatarEnergy	377,941	368,254
<i>Affiliates</i>		
GASAL Company Q.S.C.	6,116	525
Bahrain Steel B.S.C.	77,755	116,821
<i>Entities under common control</i>		
Al Koot Insurance and Reinsurance Company P.J.S.C.	4,896	3,719
Qatar Fuel Company Q.P.S.C. (WOQOD)	31	457
	466,739	489,776

Due to related parties are non-interest bearing and payable on demand.

12.3 Compensation of key management personnel

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

	30 June 2025 (Reviewed)	30 June 2024 (Reviewed)
Board of Directors remuneration	7,236	6,568
Remuneration and short term benefits to key management personnel	23,881	20,223
Long term benefits to key management personnel	1,552	1,919
	32,669	28,710

12.4 Guarantees with related parties

The Group has provided bank guarantees to one of its associates in respect of their borrowings from external banks. Refer to Note 16.

13. Equity securities at FVTPL

	30 June 2025 (Reviewed)	31 December 2024 (Audited)
At 1 January	401,389	421,079
Increase / (decrease) in fair value during the period / year	21,872	(19,690)
At 30 June / 31 December	423,261	401,389

The above investments are held in quoted equity instruments and include investment in related parties amounting to QR 185.68 million (31 December 2024: QR 179.99 million).

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14. Cash and cash equivalents

	30 June 2025 <i>(Reviewed)</i>	31 December 2024 <i>(Audited)</i>
Cash on hand	170	173
Cash at banks	574,521	1,034,296
Short term fixed deposits – less than 90 days	2,536,935	2,399,521
	3,111,626	3,433,990

14A. Fixed deposits and other bank balances

	30 June 2025 <i>(Reviewed)</i>	31 December 2024 <i>(Audited)</i>
Fixed deposits (i)	6,033,276	7,282,356
Dividend accounts (ii)	85,357	89,244
	6,118,633	7,371,600

- (i) Fixed deposits are held with banks and denominated mainly in US Dollars with an average effective interest rate of 4.6% (31 December 2024: 5.9%).
- (ii) Dividend accounts are restricted bank balances for the amounts deposited in the bank for the dividends declared which are yet to be collected by the shareholders.

15. Provision for employees' end of service benefits

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

	30 June 2025 <i>(Reviewed)</i>	31 December 2024 <i>(Audited)</i>
At 1 January	552,225	472,123
Interest cost	2,802	5,634
Provision during the period / year	47,149	71,885
Acquisition of a subsidiary (Note 27)	-	55,154
Actuarial gains and losses on re-measurement of present value of defined benefits obligation	-	5,749
Paid during the period / year	(35,060)	(58,320)
At 30 June / 31 December	567,116	552,225

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16. Trade and other payables

	30 June 2025	31 December 2024 (Audited) Restated*
	(Reviewed)	
Accrued expenses	989,970	1,326,435
Financial guarantees (1)	257,342	257,342
Due to related parties (Note 12.2)	466,739	489,776
Trade payables	216,340	283,201
Dividend payable	85,357	89,244
Other payables	92,160	177,180
	<u>2,107,908</u>	<u>2,623,178</u>

* Refer to Note 27.

(1) This represents the provision on financial guarantees given to one of the Group's associates which was based on maximum liability of the Group's total exposure. During 2024, based on settlement of the loan by the Group's associate and related release of guarantee from one of the lenders, the Group reversed provision of QR 142.66 million and recognised this as other income. Refer to Note 20.

17. Income tax**Tax expense**

	30 June 2025	30 June 2024 (Reviewed) Restated*
	(Reviewed)	
Current income tax		
Current income tax charge	418,918	396,552
Global minimum top-up tax	3,106	-
Adjustments for prior year income tax	6,795	14,791
	428,819	411,343
Group tax benefit (i)	(407,310)	(401,441)
Net current tax expense	21,509	9,902
Deferred tax	(3,483)	(130)
Income tax expense	<u>18,026</u>	<u>9,772</u>

(i) As per the MOU between the General Tax Authority, QatarEnergy and Ministry of Finance signed on 4 February 2020, 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.

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17. Income tax (continued)**Reconciliation of tax expense**

	30 June 2025	30 June 2024
	(Reviewed)	<i>(Reviewed) Restated*</i>
Profit before tax	1,982,882	2,685,410
Adjustments for:		
Non-taxable income	(680,566)	(1,709,460)
Non-deductible expenses and losses	26,451	217,232
Taxable income	<u>1,328,767</u>	<u>1,193,182</u>
Income tax	418,541	396,422
Adjustments for prior year income tax	6,795	14,791
Group tax benefit	(407,310)	(401,441)
Income tax expense	<u>18,026</u>	<u>9,772</u>

* Refer to Note 27.

Income tax payable

Movement of income tax payable is as follows:

	30 June 2025	31 December 2024
	(Reviewed)	<i>(Audited)</i>
At 1 January	137,057	2,323
Income tax for the period / year	422,024	817,810
Acquisition of a subsidiary	-	99,799
Income tax for the prior year net of previously recognised payable	6,795	14,791
Amount paid during the period / year	(142,332)	(3,746)
Group tax benefit	(407,310)	(793,920)
At 30 June / 31 December	<u>16,234</u>	<u>137,057</u>

Global Minimum Tax

The Group is subject to the global minimum top-up tax under Pillar Two tax legislation. The top-up tax relates to the Group's operations in the State of Qatar and the United Arab Emirates (UAE).

On 27 March 2025, Qatar published in the Official Gazette, Law No. 22 of 2024 amending specific provisions of the Income Tax Law promulgated under Law No. 24 of 2018 by introducing the Domestic Minimum Top-up Tax (DMTT) and Income Inclusion Rule (IIR), with a minimum effective tax rate of 15%. The amendments are effective from 1 January 2025, and the related Executive Regulations on implementation, compliance, and administrative provisions are expected to be issued by the General Tax Authority in due course.

The Company and its subsidiaries mainly operate in Qatar and has a constituent entity in the UAE. For Pillar Two purpose, the Company and its subsidiaries form part of the QatarEnergy MNE group, headquartered in Qatar. The Group has performed an impact assessment of the jurisdictions in which it operates, including Industries Qatar and its subsidiaries. The assessment indicates that there is no impact on Industries Qatar from the jurisdictions in which it operates, other than QR 3.11 million recognised by the Group's subsidiary in UAE.

17. Income tax (continued)**Global Minimum Tax (continued)**

The Group has applied the temporary mandatory exception from deferred tax accounting under IAS 12 and accounts for Pillar Two taxes as current tax when incurred. The Group continues to monitor developments in Qatar and other relevant jurisdictions, including issuance of detailed Executive Regulations, which may impact future tax calculations and compliance obligations.

18. Revenues

	30 June 2025 (Reviewed)	30 June 2024 (Reviewed)
Disaggregation of revenue – at a point in time		
Bar sales	1,292,399	1,353,030
Direct reduced iron (DRI) sales	789,426	455,245
Coil sales	137,902	117,686
Urea sales	3,454,305	3,238,106
Ammonia sales	280,493	311,794
Melamine sales	137,645	104,730
Methanol	288,346	24,336
MTBE sales	835,149	94,551
Billet sales	84,681	-
	7,300,346	5,699,478

19. Cost of sales

	30 June 2025 (Reviewed)	30 June 2024 (Reviewed) Restated*
Raw materials consumed	3,829,662	2,874,022
Utilities	337,232	195,779
Salaries and wages	440,398	350,294
Depreciation and amortization	817,479	719,157
Repairs and maintenance	108,490	61,539
Others	190,078	148,545
	5,723,339	4,349,336

* Refer to Note 27.

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20. Other income – net

	30 June 2025	30 June 2024
	(Reviewed)	(Reviewed) Restated*
Interest income	212,118	362,705
By-product sales - net	15,654	(34,303)
Unrealized gain / (loss) on financial assets at FVTPL	21,872	(18,424)
Reversal of provision on financial guarantee (Note 16)	-	142,659
Bargain purchase gain (Note 27)	-	225,763
Gain on remeasurement of previously held equity interest in a joint venture (Note 27)	-	146,475
Others	51,784	68,395
	<u>301,428</u>	<u>893,270</u>

21. Basic and diluted earnings per share

Basic and diluted earnings per share (EPS) are calculated by dividing the profit for the period attributable to owners of the Company by the weighted average number of shares outstanding during the period.

	30 June 2025	30 June 2024
	(Reviewed)	(Reviewed) Restated*
Profit for the period	1,964,856	2,675,638
Profit attributable to owners of the Company for basic and diluted earnings	1,955,376	2,660,915
Weighted average number of shares (in thousands)	6,050,000	6,050,000
Basic and diluted earnings per share (expressed in QR per share)	<u>0.32</u>	<u>0.44</u>

* Refer to Note 27.

22. Dividends

During the period, final cash dividend of QR 0.74 per share amounting to QR 4,477 million relating to 2024 were approved by the shareholders at the Annual General Assembly Meeting (AGM) held on 25 February 2025 (31 December 2024: QR 0.78 per share amounting to QR 4,719 million were approved by the shareholders at AGM held on 6 March 2024).

The final cash dividend of QR 0.74 per share for the year 2024 comprises an interim dividend of QR 0.31 per share (30 June 2023: Nil), amounting to QR 1,875.5 million, which was paid during 2024, and the remaining QR 0.43 per share, amounting to QR 2,601.5 million was disbursed during the current period.

The Board of Directors have approved an interim cash dividend in respect of the six-month period ended 30 June 2025 of QR 0.26 per share (30 June 2024: QR 0.31 per share), amounting to a total of QR 1,573 million (30 June 2024: QR 1,875.5 million).

23. Financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information of financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

Financial assets measured at fair value

	Fair value as at		Carrying value as at		Fair value hierarchy
	30 June 2025	31 December 2024	30 June 2025	31 December 2024	
Equity securities	423,261	401,389	423,261	401,389	Level 1

During the period ended 30 June 2025, 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.

Carrying values of other financial assets and liabilities of the Group are a reasonable approximation of their fair values.

24. Segment information

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 condensed consolidated interim financial information. The Group has three reportable segments as follows:

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

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

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24. Segment information (continued)

Operating segments:

The following table present revenue and profit information regarding the Group's operating segments for the six-month period ended 30 June 2025 and 2024:

For the six-month period ended 30 June 2025 (Reviewed)

	<u>Petrochemicals</u>	<u>Fertilisers</u>	<u>Steel</u>	<u>Others</u>	<u>Combined</u>	<u>Adjustments and elimination</u>	<u>Consolidated</u>
Revenue							
External customers	2,553,860	3,872,443	2,304,408	-	8,730,711	(1,430,365)	7,300,346
Total revenue	2,553,860	3,872,443	2,304,408	-	8,730,711	(1,430,365)	7,300,346

	<u>Petrochemicals</u>	<u>Fertilisers</u>	<u>Steel</u>	<u>Others</u>	<u>Combined</u>	<u>Adjustments and elimination</u>	<u>Consolidated</u>
Results from operations							
Segment profit before tax	519,206	1,081,454	268,799	204,173	2,073,632	(90,750)	1,982,882
Depreciation and amortisation	328,937	561,087	121,351	84,003	1,095,378	(252,872)	842,506
Finance costs	3,794	7,511	5,564	-	16,869	(1,439)	15,430

For the six-month period ended 30 June 2024 (Reviewed and restated):*

	<u>Petrochemicals</u>	<u>Fertilisers</u>	<u>Steel</u>	<u>Others</u>	<u>Combined</u>	<u>Adjustments and elimination</u>	<u>Consolidated</u>
Revenue							
External customers	2,145,556	3,654,630	1,925,961	-	7,726,147	(2,026,669)	5,699,478
Total revenue	2,145,556	3,654,630	1,925,961	-	7,726,147	(2,026,669)	5,699,478

	<u>Petrochemicals</u>	<u>Fertilisers</u>	<u>Steel</u>	<u>Others</u>	<u>Combined</u>	<u>Adjustments and elimination</u>	<u>Consolidated</u>
Results from operations							
Segment profit before tax	742,423	1,004,538	358,532	1,386,562	3,492,055	(806,645)	2,685,410
Depreciation and amortisation	231,256	574,119	107,634	47,495	960,504	(222,572)	737,932
Finance costs	1,813	8,474	5,126	-	15,413	(1,412)	14,001

* Refer to Note 27.

24. Segment information (continued)**Operating segments (continued)**

Revenues from external customers are earned 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 5,013 million (30 June 2024: QR 3,773 million) are derived from a single external customer, QatarEnergy Marketing.

The Group entities are domiciled in Qatar, the Kingdom of Bahrain, the Kingdom of Saudi Arabia and United Arab Emirates. Of the group's revenues in the six-month period 2025, 77% is earned in Qatar (30 June 2024: 76%), 11% earned in UAE (30 June 2024: 9%) and the remaining is distributed in a number of countries which is not split for purpose of segment reporting.

The following table presents segment assets and liabilities of the Group's business segments as at 30 June 2025 and 31 December 2024:

Segment assets	Petrochemicals	Fertilisers	Steel	Others	Adjustments and eliminations	Total
At 30 June 2025 (Reviewed)	8,957,202	15,090,785	8,777,084	16,764,207	(8,229,552)	41,359,726
At 31 December 2024 (Restated*)	9,459,104	15,001,768	8,576,936	19,494,543	(9,882,419)	42,649,932
Segment liabilities	Petrochemicals	Fertilisers	Steel	Others	Adjustments and eliminations	Total
At 30 June 2025 (Reviewed)	1,365,792	1,896,826	1,047,929	93,651	(1,220,216)	3,183,982
At 31 December 2024 (Restated*)	2,072,568	2,517,078	1,095,175	270,931	(2,121,988)	3,833,764

* Refer to Note 27.

25. Contingencies**a. Group's share in contingent liabilities**

	30 June 2025	31 December 2024
	(Reviewed)	(Audited)
Letters of credit	9,059	15,042
Bank guarantees	720	3,086
Letters of credit – the Group's share of associates and joint ventures	354,607	126,141
Bank guarantees – the Group's share of associates and joint ventures	5,943	61,253

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 QR 257.34 million (31 December 2024: QR 257.34 million) already recognised (Note 16).

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As at and for the six-month period ended 30 June 2025

25. Contingencies (continued)

b. Site restoration obligation

The Group entities are parties to land lease agreements with the QatarEnergy, the 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	<u>2005</u>	<u>2030</u>
QAFCO		
Lease 1	<u>2009</u>	<u>2029</u>
Lease 2	<u>2007</u>	<u>2032</u>
QAPCO		
Lease 1	<u>2003</u>	<u>2029</u>
Lease 2	<u>2005</u>	<u>2029</u>
QAFAC		
Lease 1	<u>2024</u>	<u>2034</u>

Qatar Steel, QAFCO and QAPCO have entered into a land lease agreement with QatarEnergy ("Lessor") on which the plant and other facilities have been constructed. Under this agreement, the lessor has the right, upon termination or expiration of the lease term, to notify the related Company that it requires to either:

- Transfer the facilities to the Lessor or a transferee nominated by the Lessor, against a price acceptable by the related company, 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 related company, at the Company's cost, unless otherwise is agreed with the Lessor.

QAFAC has entered into a land lease agreement with QatarEnergy ("the Landlord") on which the plant facilities have been constructed. According to the agreement, the Landlord is entitled in its sole and absolute discretion to elect that QAFAC must, at the end of the term of the agreement, either:

- Remove all or part of the relevant Facility and reinstate and return the relevant Property to the Landlord (the "Reinstatement Option"); or
- Transfer title to and ownership of all or part of the relevant Facility to the Landlord (the "Transfer Option").

In accordance with IAS 37, the Group has assessed whether the following criteria are met for recognizing provisions:

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

The incurrance of site restoration costs by the Group is contingent upon which option is selected by the Lessor. The management believes that, since there is no indication from the Lessor in respect of the above options, the criteria to recognise the provision for restoration obligation is not fully met and therefore, the Group has not recognised the decommissioning liability as of and for the six-month period ended 30 June 2025.

25. Contingencies (continued)**c. Tax related contingencies**

The General Tax Authority ("GTA") issued income tax assessments to certain components of the Group for the years from 2012 to 2023, requiring the components to pay additional taxes and penalties of QR 5,844 million (including share of joint ventures and associates) and disallowing some expenses.

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 17), 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 parties involved.

d. Other contingencies

Other than the above, the Group is involved in certain litigations, however, based on the inputs from internal legal team, management has concluded that no provision is required to be recognised in this condensed consolidated interim financial information (31 December 2024: Nil).

26. Commitments

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

	30 June 2025 (Reviewed)	31 December 2024 (Audited)
Capital commitments from subsidiaries	<u>2,060,680</u>	<u>2,499,913</u>
Capital commitments – the Group's share of associates and joint ventures	<u>419,018</u>	<u>399,600</u>

27. Acquisition of a subsidiary

During 2024, the Group acquired control over Qatar Fuel Additives Company Limited (QAFAC), which is engaged in the production, marketing, and export of methyl-tertiary-butyl-ether (MTBE) and methanol. QAFAC is not publicly listed.

The acquisition resulted from the expiry of the Consolidated Joint Venture Agreement (CJVA) of QAFAC on 9 June 2024. Following the expiry of CJVA, effective 10 June 2024, the Company continues to hold its 50% shareholding interest in QAFAC. Remaining 50% shareholding in QAFAC held by other shareholders is acquired by a related party with an economic effective date of 10 June 2024. Based on the proposed arrangement with the related party, the Company has control over QAFAC so that it is exposed to and has rights to variable returns from its involvement with QAFAC and has the ability to impact those returns through its controlling shareholding in QAFAC, while the related party is entitled to 50% share of profits due to its shareholding.

Further, management has assessed that the acquired activities and assets of QAFAC are capable of being conducted and managed for the purpose of generating outputs and accordingly, this acquisition is a business combination for the Company as per IFRS 3. Accordingly, QAFAC has been consolidated as a subsidiary of the Group with effect from 10 June 2024.

27. Acquisition of a subsidiary (continued)**27.1 Identifiable assets acquired and liabilities assumed**

The following table summarizes the fair value of assets acquired and liabilities assumed at the date of acquisition:

	Fair value amount
Property, plant and equipment	1,256,189
Catalysts and other non-current assets	73,064
Deferred tax assets	20,420
Inventories	251,147
Trade and other receivables	585,222
Cash and cash equivalents	478,288
Provision for employees' end of service benefits	(55,154)
Trade and other payables	(352,383)
Income tax payable	(99,798)
Deferred tax liability	(70,053)
Total identifiable net assets	<u><u>2,086,942</u></u>

Finalization of fair value

The fair values of the identifiable assets acquired and liabilities assumed were determined with assistance from an independent external valuation specialist. As part of the purchase price allocation, the valuation of property, plant and equipment was performed using the Depreciated Replacement Cost (DRC) method, as the assets are specialised in nature and not directly comparable in the market. This approach reflects the current replacement cost of the assets, adjusted for allowances for obsolescence. The fair value uplift of QR 400.3 million in property, plant and equipment resulted in recognition of deferred tax liability of QR 70 million.

The valuation of inventories resulted in a fair value increase of QR 41.9 million. The uplift primarily relates to finished goods, valued based on observable selling prices at the acquisition date, net of costs to sell and including a reasonable margin for selling effort. The carrying values of other inventory components were assessed to approximate fair value.

The trade receivables balance of QR 585.2 million represents contractual amounts receivable with no expected credit losses at the acquisition date. The deferred tax assets and income tax payable was adjusted to exclude amounts receivable from or payable to the Group (based on MOU referred in Note 17), reflecting the elimination of intra-group balances.

The fair values determined are categorized within Level 3 of the fair value hierarchy.

The Group finalized the acquisition accounting of QAFAC within the one-year measurement period permitted by IFRS 3. The measurement period ended on 9 June 2025. Previously, as of 31 December 2024 and 30 June 2024, the Group had reported provisional fair values. Accordingly, upon completion of the fair values, the comparative information presented as of 31 December 2024 and for the period ended 30 June 2024 has been restated to reflect the adjustments to provisional amounts as required by IFRS 3. The impact of restatement is as follows:

27. Acquisition of a subsidiary (continued)**27.1 Identifiable assets acquired and liabilities assumed (continued)****Finalization of fair value (continued)**

	Impact of the finalization of acquisition accounting		
	As previously reported	Adjustments	As restated
For the six-month period ended 30 June 2024			
<i>Items related to the condensed consolidated statement of profit or loss:</i>			
Revenues	5,699,478	-	5,699,478
Cost of sales	(4,305,243)	(44,093)	(4,349,336)
Other income - net	521,122	372,148	893,270
Income tax expense	(8,726)	(1,046)	(9,772)
Others	441,998	-	441,998
Profit for the period	2,348,629	327,009	2,675,638
Profit attributable to:			
Owners of the Company	2,331,763	329,152	2,660,915
Non-controlling interests	16,866	(2,143)	14,723
	2,348,629	327,009	2,675,638
Earnings per share			
Basic and diluted earnings (QR per share)	0.39	0.05	0.44
<i>Items related to the condensed consolidated statement of comprehensive income:</i>			
Total comprehensive income for the period	2,357,024	327,009	2,684,033
Total comprehensive income attributable to:			
Owners of the Company	2,340,158	329,152	2,669,310
Non-controlling interests	16,866	(2,143)	14,723
	2,357,024	327,009	2,684,033
As at 30 June 2024			
<i>Items related to the condensed consolidated statement of changes in equity:</i>			
Retained earnings	31,312,016	329,152	31,641,168
Non-controlling interests	850,045	(713)	849,332
Others	6,268,072	-	6,268,072
Total equity	38,430,133	328,439	38,758,572

27. Acquisition of a subsidiary (continued)**27.1 Identifiable assets acquired and liabilities assumed (continued)****Finalization of fair value (continued)**

	Impact of the finalization of acquisition accounting		
	As previously reported	Adjustments	As restated
As at 31 December 2024			
<i>Items related to the condensed consolidated statement of financial position:</i>			
Assets			
Property, plant and equipment	15,522,415	234,562	15,756,977
Other assets	26,892,955	-	26,892,955
Total assets	42,415,370	234,562	42,649,932
Equity			
Retained earnings	31,437,783	171,196	31,608,979
Non-controlling interests	902,435	(7,200)	895,235
Others	6,311,954	-	6,311,954
Total equity	38,652,172	163,996	38,816,168
Liabilities			
Deferred tax liability	-	66,176	66,176
Trade and other payables	2,618,788	4,390	2,623,178
Other liabilities	1,144,410	-	1,144,410
Total liabilities	3,763,198	70,566	3,833,764
Total liabilities and equity	42,415,370	234,562	42,649,932

There is no impact on operating, investing and financing cashflows due to above change.

27.2 Consideration transferred

As the Group has acquired control by virtue of expiry of the CJVA, there is no consideration transferred as part of this business combination.

27.3 Acquisition related cost

The Group has incurred acquisition-related costs amounting to QR 0.49 million during the six-month period ended 30 June 2025 (2024: Nil) relating to consultant and external professional fees.

27. Acquisition of a subsidiary (continued)**27.4 Remeasurement of previously held equity interest in a joint venture**

Based on the fair value, the table below summarizes the gain on remeasurement of previously held equity interest in the joint venture on the date of acquisition, which has been recorded in profit or loss of the comparative period as part of other income (Note 20).

	Amount
50% of the fair value of the joint venture as of the date of acquisition	1,043,471
Carrying value of joint venture as of date of acquisition	(896,996)
Fair value gain on remeasurement of existing interest in QAFAC	146,475

27.5 Non-controlling interest

Post expiry of CJVA, effective 10 June 2024, remaining 50% shareholding in QAFAC held by other shareholders is to be acquired by related party with economic effective date of 10 June 2024 which is only entitled to 50% share of profits due to its shareholding. The following table summarizes the information relating to non-controlling interest (NCI) before any intra-group eliminations at acquisition date:

	Amount
Total identifiable net assets acquired	1,635,416
NCI percentage	50%
NCI as of date of acquisition – based on their proportionate share of net assets	817,708

27.6 Bargain purchase gain

	Amount
Fair value of identifiable net assets	2,086,942
Fair value of investment in QAFAC as of acquisition date	(1,043,471)
NCI as of date of acquisition – based on their proportionate share of net assets	(817,708)
Bargain purchase gain (Note 20)	225,763

28. Comparative figures

Except for the restatement mentioned in Note 27, certain comparative information has been reclassified to conform with the presentation and classification of the current year's condensed consolidated interim financial information. However, such reclassifications did not have an impact on the previously reported profit, other comprehensive income or the equity for the comparative year.

Since QAFAC was acquired on 10 June 2024 (Note 27), the comparative information included in this condensed consolidated interim financial information may not be fully comparable with the previous period.

29. Subsequent events

Other than declaration of interim dividend mentioned in Note 22, there were no significant events after the reporting date, which have a bearing on this condensed consolidated interim financial information.