

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

**INTERIM CONDENSED
UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED
SEPTEMBER 30, 2020**

INDUSTRIES QATAR Q.P.S.C.

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine-month period ended September 30, 2020

CONTENTS	Page
Interim condensed consolidated statement of financial position	1 - 2
Interim condensed consolidated statement of profit or loss	3
Interim condensed consolidated statement of profit or loss and other comprehensive income	4
Interim condensed consolidated statement of changes in equity	5
Interim condensed consolidated statement of cash flows	6 – 7
Notes to the Interim condensed consolidated financial statements	8 – 12

INDUSTRIES QATAR Q.P.S.C.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at September 30, 2020

	Note	September 30, 2020 (Unaudited) QR' 000	December 31, 2019 (Audited) QR' 000
ASSETS			
Non-current assets			
Property, plant and equipment	3	12,454,597	3,336,020
Investments in associates	4	1,469,463	1,475,914
Goodwill		1,530,126	--
Investments in joint ventures	5	7,137,994	16,732,460
Right-of-use assets		343,759	134,588
Catalysts		91,567	--
Intangible asset		1,877	--
Total non-current assets		23,029,383	21,678,982
Current assets			
Inventories		2,106,786	1,851,492
Trade and other receivables		1,818,120	1,297,246
Financial assets at fair value through profit or loss		318,772	324,581
Cash and bank balances		2,423,604	1,959,597
Fixed deposits		5,461,110	8,758,419
Total current assets		12,128,392	14,191,335
Total assets		35,157,775	35,870,317

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

INDUSTRIES QATAR Q.P.S.C.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

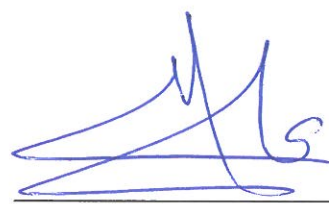
As at September 30, 2020

	September 30, 2020 (Unaudited) QR' 000	December 31, 2019 (Audited) QR' 000
EQUITY AND LIABILITIES		
EQUITY		
Share capital	6,050,000	6,050,000
Legal reserve	158,148	158,148
Hedging reserve	(2,662)	(4,080)
Other reserve	6,057	6,057
Retained earnings	<u>26,661,905</u>	<u>28,019,701</u>
Equity attributable to equity holders of the parent	32,873,448	34,229,826
Non-controlling interest	<u>18,962</u>	<u>--</u>
Total equity	<u>32,892,410</u>	<u>34,229,826</u>
LIABILITIES		
Non-current liabilities		
Lease liabilities	433,607	167,778
Employees' end of service benefits	<u>418,297</u>	<u>200,684</u>
Total non-current liabilities	<u>851,904</u>	<u>368,462</u>
Current liabilities		
Lease liabilities	86,984	33,026
Trade and other payables	1,314,617	1,239,003
Employees' end of service benefits	10,536	--
Income tax payable	<u>1,324</u>	<u>--</u>
Total current liabilities	<u>1,413,461</u>	<u>1,272,029</u>
Total liabilities	<u>2,265,365</u>	<u>1,640,491</u>
Total equity and liabilities	<u>35,157,775</u>	<u>35,870,317</u>

These consolidated financial statements were approved and authorized for issue by the Board of Directors on October 27, 2020 and signed on their behalf by:



Saad Sherida Al-Kaabi
Chairman and Managing Director



Abdulaziz Mohammed Al-Mannai
Vice Chairman

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

INDUSTRIES QATAR Q.P.S.C.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS**

For the nine-month period ended September 30, 2020

	Note	For the nine-month period ended September 30,	
		2020	2019
		(Unaudited)	(Unaudited)
		QR' 000	QR' 000
Revenues		5,312,732	3,717,532
Cost of sales		(4,521,726)	(3,549,063)
Gross profit		791,006	168,469
General and administrative expenses		(335,973)	(105,270)
Selling and distribution expenses		(32,264)	(55,196)
Share of results of investments in associates		4,231	91,371
Share of results of investments in joint ventures		624,254	1,603,942
Finance costs		(25,014)	(8,801)
Fair value gain on business combination		1,172,751	--
Impairment losses on property, plant, equipment and intangible asset		(1,377,894)	--
Other income/expenses – net		231,250	341,967
Profit before tax		1,052,347	2,036,482
Income tax		(1,447)	--
Profit for the period		1,050,900	2,036,482
Attributable to:			
Equity holders of the parent		951,297	2,036,482
Non-controlling interest		99,603	--
		1,050,900	2,036,482
Earnings per share			
Basic and diluted earnings per share	6	0.16	0.34

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

INDUSTRIES QATAR Q.P.S.C.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the nine-month period ended September 30, 2020

	For the nine-month period ended September 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	QR' 000	QR' 000
Profit for the period	1,050,900	2,036,482
Other comprehensive income/(loss)		
<i>Items that may be reclassified subsequently to statement of profit or loss</i>		
Share of other comprehensive income/(loss) of associates	1,418	(2,111)
Other comprehensive income/(loss) for the period	1,418	(2,111)
Total comprehensive income for the period	1,052,318	2,034,371
Attributable to:		
Equity holders of the parent	952,715	2,034,371
Non-controlling interest	99,603	--
	1,052,318	2,034,371

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

INDUSTRIES QATAR Q.P.S.C.
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine-month period ended September 30, 2020

	<u>Share capital</u>	<u>Legal reserve</u>	<u>Hedging reserve</u>	<u>Other reserves</u>	<u>Retained earnings</u>	<u>Attributable to owners of the parent</u>	<u>Non- controlling interest</u>	<u>Total equity</u>
	QR' 000	QR' 000	QR' 000	QR' 000	QR' 000	QR' 000	QR' 000	QR' 000
Balance at December 31, 2018 (Audited)	6,050,000	126,824	602	15,905	29,157,419	35,350,750	--	35,350,750
Profit for the period	--	--	--	--	2,036,482	2,036,482	--	2,036,482
Other comprehensive loss	--	--	(2,111)	--	--	(2,111)	--	(2,111)
Total comprehensive income for the period	--	--	(2,111)	--	2,036,482	2,034,371	--	2,034,371
<i>Transaction with owners</i>								
Dividends declared	--	--	--	--	(3,630,000)	(3,630,000)	--	(3,630,000)
Balance at September 30, 2019 (Unaudited)	<u>6,050,000</u>	<u>126,824</u>	<u>(1,509)</u>	<u>15,905</u>	<u>27,563,901</u>	<u>33,755,121</u>	<u>--</u>	<u>33,755,121</u>
Balance at December 31, 2019 (Audited)	6,050,000	158,148	(4,080)	6,057	28,019,701	34,229,826	--	34,229,826
Non-controlling interest arising from business combination	--	--	--	--	--	--	3,780,508	3,780,508
Non-controlling interest movements	--	--	--	--	110,907	110,907	(3,859,889)	(3,748,982)
Profit for the period	--	--	--	--	951,297	951,297	99,603	1,050,900
Other comprehensive income	--	--	1,418	--	--	1,418	--	1,418
Total comprehensive income/non-controlling interest movement for the period	--	--	1,418	--	1,062,204	1,063,622	20,222	1,083,844
<i>Transaction with owners</i>								
Dividends declared	--	--	--	--	(2,420,000)	(2,420,000)	(1,260)	(2,421,260)
Balance at September 30, 2020 (Unaudited)	<u>6,050,000</u>	<u>158,148</u>	<u>(2,662)</u>	<u>6,057</u>	<u>26,661,905</u>	<u>32,873,448</u>	<u>18,962</u>	<u>32,892,410</u>

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

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

For the nine-month period ended September 30, 2020

	For the nine-month period ended September 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	QR' 000	QR' 000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,052,347	2,036,482
<i>Adjustments for:</i>		
Depreciation and amortisation of catalyst	900,925	181,448
Amortisation of right-of-use assets	49,136	24,335
Provision for employees' end of service benefits	53,454	28,791
Fair value gain on business combination	(1,172,751)	--
Impairment losses on property, plant, equipment and intangible assets	1,377,894	--
Adjustment to reversal of investment impairment in an associate	10,000	--
Share of results of investments in associates	(4,231)	(91,371)
Share of results of investments in joint ventures	(624,254)	(1,603,942)
Loss on disposal of property, plant and equipment	152	12,289
Finance costs	25,014	8,801
Interest income	(208,990)	(276,944)
Provision for obsolete and slow moving inventories	22,604	--
Fair value (gain) /loss on financial assets at fair value through profit or loss	(9,402)	41,340
Gain sale of financial assets at fair value through profit or loss	(3,501)	--
Dividends received from financial assets at fair value through profit or loss	(16,096)	(15,455)
Cash flow from operating activities before changes in working capital	1,452,301	345,774
Movements in working capital		
Inventories	496,362	(340,441)
Trade and other receivables	520,341	30,647
Trade and other payables	(328,115)	(278,355)
Cash generated from/(used in)operating activities	2,140,889	(242,375)
Payments of employees' end of service benefits	(120,495)	(27,809)
Income tax paid	(111,696)	--
Payment of contribution to social and sports fund	(59,572)	(124,919)
Net cash generated from/(used in) operating activities	1,849,126	(395,103)

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

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

For the nine-month period ended September 30, 2020

	For the nine-month period ended September 30,	
	2020	2019
	(Unaudited)	(Unaudited)
	QR' 000	QR' 000
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment and catalysts	(166,491)	(123,865)
Movement in fixed deposits	3,297,309	88,774
Acquisition of non-controlling interest	(3,640,000)	--
Proceeds from disposal of property, plant and equipment	17	5
Proceeds from disposal of financial assets at fair value through profit or loss	18,711	--
Dividends received from financial assets at fair value through profit or loss	16,096	15,455
Dividends received from joint ventures	156,827	2,155,926
Dividends received from an associate	2,100	3,500
Interest income received	170,741	302,463
Receipt of loan given to investment accounted for using the equity method	--	98,321
Net cash addition from business combination	1,223,752	-
Net cash generated by investing activities	1,079,062	2,540,579
CASH FLOWS FROM FINANCING ACTIVITIES		
Finance charges paid	(22,097)	(8,801)
Payment of lease liability	(32,416)	(24,827)
Movement in unclaimed dividend bank accounts	(10,333)	(438)
Dividends paid	(2,409,667)	(3,629,562)
Net cash used in financing activities	(2,474,513)	(3,663,628)
Net increase/(decrease) in cash and cash equivalents	453,675	(1,518,152)
Cash and cash equivalents at January 1	1,838,317	1,883,715
Cash and cash equivalents at September 30	2,291,992	365,563

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

INDUSTRIES QATAR Q.P.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENT

For the nine-month period ended September 30, 2020

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 year 2002, as replaced by Qatar Commercial Companies Law No. 11 of 2015, for a 50 year term by resolution No. 33 of 2003 from the Ministry of Commerce and Industry of the State of Qatar. The Company’s shares are listed on the Qatar Stock Exchange. The Group’s registered office is situated in Doha, State of Qatar.

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

Through the Group companies, IQ operates in three main distinct segments: petrochemicals, fertilisers and steel. More information about the Group activities is given in Note 7. The structure of the Group, included in these interim condensed consolidated financial statement is as follows:

	<u>Type of interest</u>	<u>Country of incorporation</u>	<u>Percentage of holding</u>
Qatar Steel Company Q.P.S.C.	Subsidiary	Qatar	100%
Qatar Steel Industrial Investment Company S.P.C.	Subsidiary	Qatar	100%
Qatar Steel Company FZE (Dubai)	Subsidiary	United Arab Emirates	100%
Qatar Fertiliser Company P.S.C. (“QAFCO”)	Subsidiary	State of Qatar	100%
Gulf Formaldehyde Company (Q.S.C.C.) (GFC)	Subsidiary	State of Qatar	70%
Qatar Melamine Company (Q.S.C.C.) (QMC)	Subsidiary	State of Qatar	100%

On 23rd August 2020 Board of Directors has approved the acquisition of 25% stake in QAFCO from Qatar Petroleum for a purchase consideration of USD 1 billion and an Extraordinary General Assembly meeting held on 13th September 2020 has approved the transaction. The effective date of the transaction was on 1st January 2020.

In addition, Board of Directors also approved QAFCO’s acquisition of Qatar Petroleum’s 40% stake in QMC, effective 1st July 2020.

Also included in the interim condensed 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.

	<u>Type of interest</u>	<u>Country of incorporation</u>	<u>Percentage of holding</u>
Qatar Petrochemical Company (QAPCO) Q.P.J.S.C. (“QAPCO”)	Joint venture	State of Qatar	80%
Qatar Fuel Additives Company Limited Q.P.S.C. (“QAFAC”)	Joint venture	State of Qatar	50%
Qatar Metals Coating Company W.L.L.	Associate	State of Qatar	50%
SOLB Steel Company (SSC)	Associate	Kingdom of Saudi Arabia	31.03%
Foulath Holding B.S.C.	Associate	Kingdom of Bahrain	25%

The interim condensed consolidated financial statements of the Group for the period ended September 30, 2020 were approved and authorised for issue by the Board of Directors on October 27, 2020.

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

For the nine-month period ended September 30, 2020

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted in the preparation of this interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2019

3. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2020 (Unaudited) QR' 000	December 31, 2019 (Audited) QR' 000
Opening net book value	3,336,020	3,437,916
Additions from business combination	11,283,842	--
Other additions	161,041	155,873
Transfer to catalyst	(70,593)	--
Impairment	(1,369,810)	--
Depreciation	(885,734)	(244,828)
Disposals	(169)	(12,941)
Closing net book value	12,454,597	3,336,020

4. INVESTMENTS IN ASSOCIATES

	September 30, 2020 (Unaudited) QR' 000	December 31, 2019 (Audited) QR' 000
Balance at the beginning of the year	1,475,914	1,407,089
Dividends received from associates	(2,100)	(3,500)
Share of results from associates	4,231	75,328
Loan repayments	-	(98,321)
(Adjustment to reversal) / reversal of impairment loss	(10,000)	100,000
Net share of other comprehensive income / (loss)	1,418	(4,682)
Balance at the end of the period/year	1,469,463	1,475,914

5. INVESTMENT IN JOINT VENTURES

	September 30, 2020 (Unaudited) QR' 000	December 31, 2019 (Audited) QR' 000
Balance at January 1,	16,732,460	17,805,530
Reclassification to subsidiary as a result of business combination	(9,847,874)	--
Share of net results of joint ventures	11,250	2,180,755
Deferred tax related to Group tax credit	398,985	--
Share of other comprehensive loss	--	(9,848)
Share of derecognition of exempted tax reserve	--	15,795
Dividends income	(156,827)	(3,259,772)
Balance at the end of the period/year	7,137,994	16,732,460

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

For the nine-month period ended September 30, 2020

Reconciliation of share of results of investments in joint ventures as presented in statement of profit or loss is as below:

	September 30, 2020 (Unaudited) QR' 000	December 31, 2019 (Audited) QR' 000
Share of net results of joint ventures in note 5	11,250	2,180,755
Adjustment for the Group tax credit and related deferred tax	613,004	--
Share of results of investments in joint ventures	624,254	2,180,755

6. BASIC AND DILUTED EARNINGS PER SHARE

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

	September 30, 2020 (Unaudited) QR' 000	September 30, 2019 (Unaudited) QR' 000
Profit for the period	951,297	2,036,482
Weighted average number of shares outstanding during the period (in thousands)	6,050,000	6,050,000
Basic and diluted earnings per share (expressed in QR per share)	0.16	0.34

7. 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.

For the period ended 30 September 2020, the information of petrochemical represents those of the joint ventures of the group. 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 interim condensed consolidated financial statements.

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

For the nine-month period ended September 30, 2020

7. SEGMENT REPORTING (CONTINUED)
Segment revenue

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

	September 30, 2020			September 30, 2019		
	Total	Inter- segment revenue	Revenue from external customers	Total	Inter- segment revenue	Revenue from external customers
	QR' 000	QR' 000	QR' 000	QR' 000	QR' 000	QR' 000
Petrochemicals	2,160,177	--	2,160,177	2,427,979	--	2,427,979
Fertilisers	2,980,560	--	2,980,560	3,184,137	--	3,184,137
Steel	2,332,172	--	2,332,172	3,717,532	--	3,717,532
Total segment revenue	7,472,909	--	7,472,909	9,329,648	--	9,329,648
Revenue from investments in joint ventures accounted for using equity method	(2,160,177)	--	(2,160,177)	(5,612,116)	--	(5,612,116)
Revenue as per consolidated statement of profit or loss	5,312,732	--	5,312,732	3,717,532	--	3,717,532

Segment profit

The following table presents profit information regarding the Group's operating segments for the period ended September 30, 2020 and 2019, respectively:

As of September 30, 2020	Petrochemicals QR' 000	Fertilisers QR' 000	Steel QR' 000	Total QR' 000
Segment profit/(loss)	624,254	453,486	(1,367,423)	(289,683)
Share of results from associates	-	-	4,231	4,231
Total segment profit/(loss)	624,254	453,486	(1,363,192)	(285,452)
Adjustments				(110,907)
<i>Unallocated income:*</i>				
Interest income				177,610
Dividend income				16,096
Fair value gain				1,172,751
Other income				14,408
				1,380,865
<i>Unallocated expense:*</i>				
Board of Director's fees				(5,812)
Qatar Petroleum annual fee				(4,317)
Qatar Exchange fee				(1,364)
Advertisements				(158)
Other expenses				(21,557)
				(33,208)
Profit for the period				951,297

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

For the nine-month period ended September 30, 2020

7. SEGMENT REPORTING (CONTINUED)

As of September 30, 2019	Petrochemicals QR' 000	Fertilisers QR' 000	Steel QR' 000	Total QR' 000
Segment profit	1,002,687	601,255	66,271	1,670,213
Share of results from associates	--	--	91,371	91,371
Total segment profit	1,002,687	601,255	157,642	1,761,584
<i>Unallocated income:*</i>				
Interest income				268,147
Dividend income				15,455
Other income				47,286
				330,888
<i>Unallocated expense:*</i>				
Board of Director's fees				(5,812)
Qatar Petroleum annual fee				(5,215)
Qatar Exchange fee				(1,364)
Advertisements				(305)
Other expenses and fair value loss				(43,294)
				(55,990)
Profit for the period				2,036,482

* Unallocated income and expense represent the income and expenses that are related to the head office and other consolidation adjustments.

Segment assets

The following table presents segment assets regarding the Group's share in business segments as at 30 September 2020 and 31 December 2019 respectively:

	Petrochemicals QR' 000	Fertilisers QR' 000	Steel QR' 000	Total QR' 000
Segment assets:				
September 30, 2020	7,650,974	14,367,412	6,686,356	28,704,742
December 31, 2019	8,031,906	10,799,972	8,475,025	27,306,903

The above segment reporting relates only to the subsidiaries and joint venture companies.

Reconciliation of reportable segments total assets:

	September 30, 2020	December 31, 2019
	QR' 000	QR' 000
Total assets for reportable segments	28,704,742	27,306,903
Other un-allocable assets	6,966,012	10,662,832
Recognition of investment in joint ventures using equity method of accounting	7,137,995	16,732,460
Assets relating to joint ventures	(7,650,974)	(18,831,878)
Consolidated total assets for the period/year	35,157,775	35,870,317