

Industries Qatar Q.P.S.C.
Condensed consolidated interim financial information
30 June 2024

Industries Qatar Q.P.S.C.

Condensed consolidated interim financial information

As at and for the six months period ended 30 June 2024

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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 2024 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 2024;
- the condensed consolidated statement of profit or loss for the six-month period ended 30 June 2024;
- the condensed consolidated statement of comprehensive income for the six-month period ended 30 June 2024;
- the condensed consolidated statement of changes in equity for the six-month period ended 30 June 2024;
- the condensed consolidated statement of cash flows for the six-month period ended 30 June 2024; 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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying 30 June 2024 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.



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

Industries Qatar Q.P.S.C.

Other Matter

The condensed consolidated interim financial information as at and for the six-month period ended 30 June 2023 was reviewed, and the consolidated financial statements as at and for the year ended 31 December 2023 were audited, by another auditor, whose reports dated 8 August 2023 and 8 February 2024 respectively, expressed an unmodified review conclusion and unmodified audit opinion thereon.

12 August 2024
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 2024

QR '000

	Note	30 June 2024 (Reviewed)	31 December 2023 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	4	14,411,874	13,357,311
Capital project advances	5	143,934	175,041
Investments in associates	6	1,860,795	1,810,706
Investments in joint ventures	7	6,313,051	6,782,965
Advance to a related party	8	237,270	137,797
Right-of-use assets	9	329,306	261,844
Intangible asset - license fee		1,417	1,479
Advance to an associate		-	191,493
Deferred tax assets		20,166	-
Total non-current assets		23,317,813	22,718,636
Current assets			
Inventories	10	3,019,385	2,833,277
Trade and other receivables	11	2,552,696	2,665,434
Equity securities	13	402,655	421,079
Cash and cash equivalents	14	2,949,803	3,460,004
Fixed deposits and other bank balances	14A	9,243,393	10,954,185
Total current assets		18,167,932	20,333,979
Total assets		41,485,745	43,052,615

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The accompanying notes 1 to 28 are an integral part of this condensed consolidated interim financial information.

Continued from previous page

	Note	30 June 2024 (Reviewed)	31 December 2023 (Audited)
EQUITY AND LIABILITIES			
EQUITY			
Share capital		6,050,000	6,050,000
Legal reserve		271,942	271,942
Other reserves		(53,870)	(62,265)
Retained earnings		31,312,016	33,699,253
Equity attributable to owners of the Company		37,580,088	39,958,930
Non-controlling interests		850,045	17,411
Total equity		38,430,133	39,976,341
LIABILITIES			
Non-current liabilities			
Provision for employees' end of service benefits	15	537,482	472,123
Lease liabilities	9	387,679	334,046
Total non-current liabilities		925,161	806,169
Current liabilities			
Lease liabilities	9	56,084	47,738
Trade and other payables	16	1,965,415	2,220,044
Income tax payable	17	108,952	2,323
Total current liabilities		2,130,451	2,270,105
Total liabilities		3,055,612	3,076,274
Total equity and liabilities		41,485,745	43,052,615

This condensed consolidated interim financial information was prepared by the Company and approved and authorized for issue by the Board of Directors on 12 August 2024 and signed on their behalf by:



Abdulla Ahmad Al-Hussaini
Board Member



Mohammed Yousef Al-Mulla
Board Member



The accompanying notes 1 to 28 are an integral part of this condensed consolidated interim financial information.

Condensed consolidated statement of profit or loss
For the six-months period ended 30 June 2024

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		2024	2023
	Note	(Reviewed)	<i>(Reviewed)</i> <i>Re-presented *</i>
Revenues	18	5,699,478	6,101,813
Cost of sales	19	<u>(4,305,243)</u>	<u>(5,006,141)</u>
Gross profit		1,394,235	1,095,672
Other income – net		521,122	407,941
General and administrative expenses		(328,499)	(338,657)
Selling and distribution expenses		(41,397)	(40,570)
Reversal of expected credit losses on trade and other receivables		-	66
Share of profits of associates – net of tax		125,813	154,962
Share of profits of joint ventures	7	700,082	825,488
Finance costs		<u>(14,001)</u>	<u>(14,440)</u>
Profit before tax		2,357,355	2,090,462
Income tax expense	17	<u>(8,726)</u>	<u>(853)</u>
Profit for the period		2,348,629	2,089,609
Profit attributable to:			
Owners of the Company		2,331,763	2,088,087
Non-controlling interests		<u>16,866</u>	<u>1,522</u>
		2,348,629	2,089,609
Earnings per share			
Basic and diluted earnings (QR per share)	20	<u>0.39</u>	<u>0.35</u>



* The comparative information has been re-presented due to reclassification of a discontinued operation as continuing operation. Refer Note 7.

The accompanying notes 1 to 28 are an integral part of this condensed consolidated interim financial information.

Condensed consolidated statement of comprehensive income
For the six-months period ended 30 June 2024

QR '000

	30 June 2024 <i>(Reviewed)</i>	30 June 2023 <i>(Reviewed)</i>
Profit for the period	<u>2,348,629</u>	<u>2,089,609</u>
Other comprehensive income <i>Items that are or may be reclassified subsequently to profit or loss</i>		
Share of other comprehensive income of associates	8,395	4,548
Total comprehensive income for the period	<u>2,357,024</u>	<u>2,094,157</u>
Total comprehensive income attributable to:		
Owners of the Company	2,340,158	2,092,635
Non-controlling interests	<u>16,866</u>	<u>1,522</u>
	<u>2,357,024</u>	<u>2,094,157</u>



The accompanying notes 1 to 28 are an integral part of this condensed consolidated interim financial information.

Industries Qatar Q.P.S.C.

Condensed consolidated statement of changes in equity
For the six-months period ended 30 June 2024

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 2023 (Audited)	6,050,000	271,059	(57,884)	35,739,722	42,002,897	16,651	42,019,548
Profit for the period	-	-	-	2,088,087	2,088,087	1,522	2,089,609
Other comprehensive income	-	-	4,548	-	4,548	-	4,548
Total comprehensive income for the period	-	-	4,548	2,088,087	2,092,635	1,522	2,094,157
Social and sports contribution refund	-	-	-	4,111	4,111	-	4,111
<i>Transaction with owners</i>							
Dividend declared (Note 21)	-	-	-	(6,655,000)	(6,655,000)	(690)	(6,655,690)
At 30 June 2023 (Reviewed)	6,050,000	271,059	(53,336)	31,176,920	37,444,643	17,483	37,462,126
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	-	-	-	2,331,763	2,331,763	16,866	2,348,629
Other comprehensive income	-	-	8,395	-	8,395	-	8,395
Total comprehensive income for the period	-	-	8,395	2,331,763	2,340,158	16,866	2,357,024
<i>Transaction with owners</i>							
Dividend declared (Note 21)	-	-	-	(4,719,000)	(4,719,000)	(510)	(4,719,510)
Acquisition of a subsidiary with NCI (Note 26)	-	-	-	-	-	816,278	816,278
At 30 June 2024 (Reviewed)	6,050,000	271,942	(53,870)	31,312,016	37,580,088	850,045	38,430,133



The accompanying notes 1 to 28 are an integral part of this condensed consolidated interim financial information.

Condensed consolidated statement of cash flows
For the six-months period ended 30 June 2024

QR '000

		30 June 2024 (Reviewed)	30 June 2023 (Reviewed) Re-presented *
	Note		
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the period		2,348,629	2,089,609
<i>Adjustments for:</i>			
Depreciation of property, plant and equipment	4	713,514	669,530
Amortization of intangible assets		62	61
Depreciation of right-of-use assets	9	22,163	17,941
Provision for employees' end of service benefits		39,173	39,416
Share of profits of associates – net of tax		(125,813)	(154,962)
Share of profits of joint ventures	7	(700,082)	(825,488)
Reversal of provision for financial guarantee		(142,658)	-
Profit on disposal of property, plant and equipment		(4,320)	(3)
Finance costs		14,001	14,440
Interest income		(362,795)	(398,803)
Provision for slow-moving inventories		13,851	2,718
Reversal of expected credit losses on trade and other receivables		-	(66)
Income tax expense	17	8,726	853
Fair value loss / (gain) on equity securities		18,424	(14,606)
Dividend income from equity securities		(18,915)	(19,149)
Cash from operating activities before changes in working capital		1,823,960	1,421,491
Changes in working capital			
Inventories		36,990	824,000
Trade and other receivables		736,749	1,772,175
Trade and other payables		(346,352)	(213,845)
Cash generated from operations		2,251,347	3,803,821
Payments of end of service benefits		(31,965)	(43,329)
Payments of income tax		(3,071)	(115)
Social and sports contribution fund paid		(108,836)	(206,654)
Net cash from operating activities		2,107,475	3,553,723

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* Comparative information has been re-presented due to reclassification of a discontinued operation as continuing operation. Refer Note 7.

The accompanying notes 1 to 28 are an integral part of this condensed consolidated interim financial information.

Condensed consolidated statement of cash flows
For the six-months period ended 30 June 2024

QR '000

Continued from previous page

	30 June 2024 (Reviewed)	30 June 2023 (Reviewed) Re-presented *
	Note	
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposals of property, plant and equipment	8,758	28
Additions to property, plant and equipment	4 (843,562)	(926,244)
Movement in fixed deposits	1,701,627	(2,604,100)
Dividends received from equity securities	18,915	19,149
Dividends and tax benefits received from joint ventures	273,000	109,455
Dividends received from associate	275,612	421,272
Interest received	336,484	304,242
Advance to a related party	(99,473)	(20,384)
Net cash inflow on acquisition of a subsidiary	26 478,288	-
Net cash from / (used in) investing activities	2,149,649	(2,696,582)
CASH FLOWS FROM FINANCING ACTIVITIES		
Other finance charges paid	(289)	(1,277)
Interest paid related to lease liabilities	(10,715)	(10,058)
Repayment of principal related to lease liabilities	(27,646)	(80,482)
Movement in unclaimed dividend bank accounts	(9,165)	(16,641)
Dividend paid to non-controlling interest	(510)	(690)
Dividend paid	(4,719,000)	(6,655,000)
Net cash used in financing activities	(4,767,325)	(6,764,148)
Net change in cash and cash equivalents	(510,201)	(5,907,007)
Cash and cash equivalents at 1 January	3,460,004	9,626,954
Cash and cash equivalents at 30 June	2,949,803	3,719,947



* Comparative information has been re-presented due to reclassification of a discontinued operation as continuing operation. Refer Note 7.

The accompanying notes 1 to 28 are an integral part of this condensed consolidated interim financial information.

Industries Qatar Q.P.S.C.

Notes to the condensed consolidated interim financial information For the six-months period ended 30 June 2024

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 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 Company’s registered office is situated in Doha, State of Qatar. The Company’s controlling shareholder is QatarEnergy (the “Parent”) which 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 23. The structure of the Group, included in this condensed consolidated interim financial information is as follows:

	Relation- ship	Country of incorporation	Percentage of holding	
			30 June 2024	31 December 2023
Qatar Steel Company (Qatari Private Shareholding Company)	Subsidiary	Qatar	100%	100%
Qatar Steel Company FZE (Dubai)	Subsidiary	UAE	100%	100%
Al Qataria for Production and Reinforcing Steel W.L.L.	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 Q.P.J.S.C. (“QAFAC”) (i)	Subsidiary	Qatar	50%	-

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

	Relation- ship	Country of incorporation	Percentage of holding	
			30 June 2024	31 December 2023
Qatar Petrochemical Company (QAPCO) Q.P.J.S.C (“QAPCO”)	Joint venture	Qatar	80%	80%
Qatar Fuel Additives Company Limited Q.P.J.S.C. (“QAFAC”) (i)	Joint venture	Qatar	-	50%
Qatar Metals Coating Company W.L.L.	Associate	Qatar	50%	50%
SOLB Steel Company (SSC)	Associate	Kingdom of Saudi Arabia	40.38%	31.03%
Foulath Holding B.S.C.	Associate	Bahrain	25%	25%

(i) On 10 June 2024, QAFAC became subsidiary of the Group. Refer Note 26.

**Notes to the condensed consolidated interim financial information
For the six-months period ended 30 June 2024**

2. Basis of accounting

2.1 Statement of compliance

The condensed consolidated interim financial information for the six-month period ended 30 June 2024 has 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 2023 ('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 2024 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2024.

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
For the six-months period ended 30 June 2024**

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 accounting standards and amendments 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 2024.

<i>Effective from 1 January 2024</i>	<ul style="list-style-type: none"> ● <i>Non-current Liabilities with Covenants – Amendments to IAS 1</i> ● <i>Classification of Liabilities as Current or Non-current – Amendments to IAS 1</i> ● <i>Lease Liability in a Sale and Leaseback – Amendments to IFRS 16</i> ● <i>Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7</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 2025</i>	<ul style="list-style-type: none"> ● <i>Lack of Exchangeability – Amendments to IAS 21</i>
<i>Effective for the year beginning 1 January 2026</i>	<ul style="list-style-type: none"> ● <i>Amendments to the Classification and Measurement of Financial Instruments – 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 amendments to accounting standards will be adopted in the Group 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.

4. Property, plant and equipment

	Buildings	Plant machinery and equipment	Furniture and other equipment	Capital work- in-progress	Total
At 31 December 2023 (Audited):					
Cost	4,873,766	15,914,972	193,417	2,176,621	23,158,776
Accumulated depreciation and impairment losses	(1,757,969)	(7,901,689)	(141,807)	-	(9,801,465)
Net carrying value	3,115,797	8,013,283	51,610	2,176,621	13,357,311
Six-months period ended 30 June 2024 (Reviewed):					
Carrying value at 1 January 2024	3,115,797	8,013,283	51,610	2,176,621	13,357,311
Acquisition of a subsidiary (Note 26)	34,431	764,455	1,070	128,997	928,953
Additions	383	2,789	133	840,257	843,562
Transfers and reclassification	3,754	46,945	1,043	(51,742)	-
Disposals	-	(4,438)	-	-	(4,438)
Depreciation charge	(121,802)	(589,539)	(2,173)	-	(713,514)
Carrying value at 30 June 2024	3,032,563	8,233,495	51,683	3,094,133	14,411,874
At 30 June 2024 (Reviewed):					
Cost	4,977,795	19,830,079	280,959	3,094,133	28,182,966
Accumulated depreciation and impairment losses	(1,945,232)	(11,596,584)	(229,276)	-	(13,771,092)
Net carrying value	3,032,563	8,233,495	51,683	3,094,133	14,411,874

**Notes to the condensed consolidated interim financial information
For the six-months period ended 30 June 2024**

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4. Property, plant and equipment (continued)

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

	30 June 2024 (Reviewed)	30 June 2023 (Reviewed)
Cost of sales	699,662	658,377
General and administrative expenses	13,414	10,715
Selling and distribution expenses	438	438
	713,514	669,530

5. Capital project advances

	30 June 2024 (Reviewed)	31 December 2023 (Audited)
Advance for QAFCO VII	143,934	175,041
	143,934	175,041

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 and is transferred to capital work-in-progress based on the progress billings. This amount is recovered at 14.5% through progress billings and included in the capital work-in-progress.

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 2024 (Reviewed)	31 December 2023 (Audited)
Foulath Holding B.S.C.	Manufacturing of steel	Kingdom of Bahrain	25%	25%
SOLB Steel Company (i)	Manufacturing of steel	Kingdom of Saudi Arabia	40.38%	31.03%
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 2024 (Reviewed)	31 December 2023 (Audited)
Foulath Holding B.S.C.	1,663,591	1,803,558
SOLB Steel Company	191,493	-
Qatar Metals Coating Company W.L.L.	5,711	7,148
	1,860,795	1,810,706

Notes to the condensed consolidated interim financial information
For the six-months period ended 30 June 2024

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6. Investments in associates (continued)

The movement in carrying amount of associates is as follows:

	30 June 2024	31 December 2023
	<i>(Reviewed)</i>	<i>(Audited)</i>
At 1 January	1,810,706	1,890,060
Conversion of advances (i)	191,493	-
Share of profits – net of tax	125,813	281,636
Net share of other comprehensive income	8,395	283
Dividends received	(275,612)	(421,273)
Reversal of impairment	-	60,000
At 30 June / 31 December	<u>1,860,795</u>	<u>1,810,706</u>

- (i) SOLB Steel Company (Solb) is a company incorporated in the Kingdom of Saudi Arabia and is engaged in the manufacture and sale of steel products. During the period, the advances paid to Solb amounting to QR 191.49 million have been reclassified to investment in associate as the shares were issued by Solb. As a result, the Group's percentage of shareholding in Solb has increased from 31.03% to 40.38%.

7. Investments in joint ventures

Details of the Group's joint ventures are as follow:

Name of joint ventures	Principal activity	Place of incorporation and operation	Effective ownership %	
			30 June 2024	31 December 2023
			<i>(Reviewed)</i>	<i>(Audited)</i>
Qatar Petrochemical Company (QAPCO) Q.P.J.S.C. ("QAPCO")	Petrochemical	Qatar	80%	80%
Qatar Fuel Additives Company Limited Q.P.J.S.C. ("QAFAC") (i)	Petrochemical	Qatar	-	50%

The carrying amount of each joint venture is as follows:

	30 June 2024	31 December 2023
	<i>(Reviewed)</i>	<i>(Audited)</i>
QAPCO	6,313,051	5,901,062
QAFAC	-	881,903
	<u>6,313,051</u>	<u>6,782,965</u>

- (i) On 10 June 2024, QAFAC became subsidiary of the Group. Refer Note 26.

Notes to the condensed consolidated interim financial information
For the six-months period ended 30 June 2024

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7. Investments in joint ventures (continued)

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

	30 June 2024	31 December 2023
	<i>(Reviewed)</i>	<i>(Audited)</i>
At 1 January	6,782,965	7,096,559
Share of profits – net of tax	454,430	907,055
Adjustment related to tax benefit	245,652	452,906
Share of other comprehensive loss		(2,912)
Dividends received	(273,000)	(1,147,180)
Tax benefits received	-	(523,463)
Conversion of joint venture to a subsidiary (Note 26)	(896,996)	-
At 30 June / 31 December	<u>6,313,051</u>	<u>6,782,965</u>

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

	30 June 2024	30 June 2023
	<i>(Reviewed)</i>	<i>(Reviewed)</i> <i>(Re-presented)</i>
Share of profits of joint ventures	<u>700,082</u>	<u>825,488</u>

As of 30 June 2023, the Group classified its investment in QAFAC as an asset held for sale and related operations as discontinued based on the following information:

- i) QAFAC was governed by its Articles of Association and a Consolidated Joint Venture Agreement (CJVA);
- ii) the CJVA was expiring on 9 June 2024, which was less than twelve months from 30 June 2023;
- iii) certain core agreements such as the QAFAC's Land Lease Agreement for its operations and the Butane and Gas Feedstock Sales and Purchase Agreement were also to expire along with the expiry of CJVA;
- iv) there was no extension or renewal of the aforementioned core agreements as of the date of approval of interim condensed consolidated financial information for the period ended 30 June 2023; and
- v) QAFAC's interim condensed financial information for the period ended 30 June 2023 was prepared on a non-going concern basis.

However, the Group reclassified its investment in QAFAC as continuing operation in its annual consolidated financial statements for the year ended 31 December 2023 as the agreements mentioned in (iii) above were renewed for a period of 10 years beyond the expiry of the CJVA. Therefore, the comparative information for the six-month period ended 30 June 2023 presented in this condensed consolidated interim financial information has been represented to include QAFAC as part of continuing operations.

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8. Advance to a related party

	30 June 2024	31 December 2023
	<i>(Reviewed)</i>	<i>(Audited)</i>
Advance to Qatar Vinyl Company (QVC)	<u>237,270</u>	<u>137,797</u>

The Company has entered into a Principles Agreement with QVC (a company jointly controlled by the Parent) and its existing shareholders 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. As per the Principles Agreement, 44.8% of the project is funded by the Company while remaining 55.2% is funded by Mesaieed Petrochemical Holding Company Q.P.S.C. (a company controlled by the Parent).

9. Right-of-use assets and lease liabilities

The Group leases several assets including land and buildings, heavy duty equipment, motor vehicles and other assets. The lease term is between 2 – 99 years.

Right of use assets

The movement in right-of-use assets during the period is as follows:

	Land and building	Heavy duty equipment	Motor vehicles	Other assets	Total
At 1 January 2023 (Audited)	167,286	-	2,947	35,139	205,372
Additions	25,889	63,847	1,380	-	91,117
Acquisition of a subsidiary	5,789	-	-	-	5,788
Depreciation expense	<u>(27,963)</u>	<u>(10,478)</u>	<u>(943)</u>	<u>(1,049)</u>	<u>(40,433)</u>
At 31 December 2023 (Audited)	171,001	53,369	3,384	34,090	261,844
Additions	80,376	9,249	-	-	89,625
Depreciation expense	<u>(14,333)</u>	<u>(6,827)</u>	<u>(506)</u>	<u>(497)</u>	<u>(22,163)</u>
At 30 June 2024 (Reviewed)	<u>237,044</u>	<u>55,791</u>	<u>2,878</u>	<u>33,593</u>	<u>329,306</u>

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

	30 June 2024	30 June 2023
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Cost of sales	17,240	13,402
General and administrative expenses	<u>4,923</u>	<u>4,539</u>
	<u>22,163</u>	<u>17,941</u>

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

The movement in lease liabilities during the period is as follows:

	30 June 2024 (Reviewed)	31 December 2023 (Audited)
At 1 January	381,784	386,259
Additions	89,625	91,117
Acquisition of a subsidiary (Note 26)	-	6,718
Interest expense	10,715	20,751
Payments	(38,361)	(123,061)
At 30 June / 31 December	443,763	381,784

The lease liabilities are presented as follows:

	30 June 2024 (Reviewed)	31 December 2023 (Audited)
Non-current	387,679	334,046
Current	56,084	47,738
	443,763	381,784

10. Inventories

	30 June 2024 (Reviewed)	31 December 2023 (Audited)
Finished goods and goods for resale	1,184,259	972,283
Raw materials	373,840	393,256
Spares and consumables	1,134,773	940,837
Work in process	300,653	274,241
Additives	251,168	261,755
Goods in transit	19,272	221,634
	3,263,965	3,064,006
Less: provision for slow-moving inventories	(244,580)	(230,729)
	3,019,385	2,833,277

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10. Inventories (continued)

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

	30 June 2024 <i>(Reviewed)</i>	31 December 2023 <i>(Audited)</i>
At 1 January	230,729	234,084
Provision during the period / year	13,851	5,541
Reversal of provision	-	(8,896)
At 30 June / 31 December	<u>244,580</u>	<u>230,729</u>

11. Trade and other receivables

	30 June 2024 <i>(Reviewed)</i>	31 December 2023 <i>(Audited)</i>
Trade receivable at amortized cost	603,356	743,801
Due from related parties (Note 12.2)	84,809	946,324
Advances to suppliers	140,068	8,896
Prepayments	168,427	63,286
Loans to employees	154,739	127,818
Accrued interest	169,573	143,262
Other receivables	43,729	67,492
	1,364,701	2,100,879
Less: expected credit losses (i)	<u>(58,395)</u>	<u>(58,395)</u>
	1,306,306	2,042,484
Trade receivable at fair value through profit or loss (Note 12.2)	<u>1,246,390</u>	<u>622,950</u>
	<u>2,552,696</u>	<u>2,665,434</u>

- i) The Group has recorded expected credit losses on trade receivable and due from related parties amounting to QR 0.36 million (30 June 2023: QR 0.36 million) and QR 58.04 million (30 June 2023: QR 58.04 million) (Note 12.2), respectively. No interest is charged on outstanding trade receivables. Expected credit losses on other receivables are immaterial.

The movement in expected credit losses on trade receivable and due from related parties is as follows:

	30 June 2024 <i>(Reviewed)</i>	31 December 2023 <i>(Audited)</i>
At 1 January	58,395	58,492
Reversal during the period / year	-	(97)
At 30 June / 31 December	<u>58,395</u>	<u>58,395</u>

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12. Related parties disclosures**12.1 Related party transactions**

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

The following transactions were carried out with related parties that were on mutually agreed terms and conditions:

	30 June 2024 (Reviewed)	30 June 2023 <i>(Reviewed)</i>
Sales of goods and services		
<i>Joint ventures and associates</i>		
Qatar Metals Coating Company W.L.L.	21,487	30,900
Qatofin Company Limited Q.P.J.S.C.	-	40
SOLB Steel Company	1,883	172
 <i>Affiliates</i>		
Qatar Vinyl Company Limited (QVC) Q.P.J.S.C.	343	322
Gasal Q.P.S.C.	54	50
 <i>Parent</i>		
QatarEnergy	982	-
 <i>Entities under common control</i>		
Qatar Chemical and Petrochemical Marketing and Distribution Company (Muntajat) Q.P.J.S.C. (Muntajat)	3,773,196	3,741,977
	<u>3,797,945</u>	<u>3,773,461</u>
 Purchases of goods and services		
<i>Parent</i>		
QatarEnergy	1,646,313	1,800,247
 <i>Joint ventures and associates</i>		
Qatar Metals Coating Company W.L.L.	103	7
Foulath Holding B.S.C.	291,031	-
QAFAC	-	17,849
Amwaj Catering Services Limited (Qatari Private Shareholding Company)	94	-
 <i>Affiliates</i>		
Gasal Q.P.S.C.	32,626	32,146
 <i>Entity under common control</i>		
Qatar Fuel Company (WOQOD) Q.P.S.C	5,252	5,158
Al Koot Insurance and Reinsurance Company P.J.S.C.	669	-
	<u>1,976,088</u>	<u>1,855,407</u>

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12. Related parties (continued)

12.1 Related party transactions (continued)

Advances given

Affiliate

Qatar Vinyl Company Limited (QVC) Q.P.J.S.C.
SOLB Steel Company

30 June 2024 (Reviewed)	30 June 2023 (Reviewed)
99,473	55,444
12,201	-
<u>111,674</u>	<u>55,444</u>

Dividends received

Joint venture and associates

Qatar Metal Coating Company W.L.L.
Foulath Holding B.S.C.
QAFAC

2,500	2,500
273,112	418,773
273,000	109,455
<u>548,612</u>	<u>530,728</u>

12.2 Related party balances

Receivables from related parties

Measured at amortised cost:

Parent

QatarEnergy

30 June 2024 (Reviewed)	31 December 2023 (Audited)
5,879	4,424

Joint ventures and associates

QAPCO*
QAFAC*
Qatar Metals Coating Company W.L.L.
SOLB Steel Company

-	687,306
-	180,308
10,430	19,809
68,443	54,362

Affiliate

Qatar Vinyl Company Limited (QVC) Q.S.C.

57	115
84,809	946,324
(58,038)	(58,038)
<u>26,771</u>	<u>888,286</u>

Measured at fair value through profit or loss:

Entities under common control

Muntajat **

1,246,390	622,950
<u>1,273,161</u>	<u>1,511,236</u>

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

** The receivable from Muntajat is measured at fair value through profit and loss as it is subject to provisional pricing arrangements.

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

	30 June 2024	31 December 2023
	<i>(Reviewed)</i>	<i>(Audited)</i>
Payables to related parties		
Measured at amortised cost:		
<i>Parent</i>		
QatarEnergy	241,884	284,638
<i>Joint ventures and associates</i>		
QAFAC	-	3,136
QAPCO	-	260
<i>Affiliates</i>		
Gasal Q.P.S.C.	7,391	2,566
<i>Entities under common control:</i>		
Bahrain Steel Company	89,476	37,276
Al Koot Insurance and Reinsurance Company P.J.S.C.	2,059	2,130
Qatar Fuel Company (WOQOD) Q.P.S.C.	8	8
	340,818	330,014

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 2024	30 June 2023
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
Board of Directors remuneration	6,568	6,463
Short term benefits to key management personnel	22,142	21,819
	28,710	28,282

12.4 Guarantee

The Group has provided financial guarantee to one of the Group's associates. Refer Note 16.

13. Equity securities

	30 June 2024	31 December 2023
	<i>(Reviewed)</i>	<i>(Audited)</i>
At 1 January	421,079	397,118
Movement in fair value recognised directly in profit or loss	(18,424)	23,961
At 30 June / 31 December	402,655	421,079
Investments in equity instruments – quoted	402,655	421,079

These securities are classified as fair value through profit and loss.

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14. Cash and cash equivalents

	30 June 2024	31 December 2023
	<i>(Reviewed)</i>	<i>(Audited)</i>
Cash on hand	208	70
Cash at bank	696,704	1,000,516
Short term fixed deposits – less than 90 days	2,252,891	2,459,418
	<u>2,949,803</u>	<u>3,460,004</u>

14A. Fixed deposits and other bank balances

	30 June 2024	31 December 2023
	<i>(Reviewed)</i>	<i>(Audited)</i>
Fixed deposits (i)	9,148,220	10,849,847
Dividend accounts - restricted (ii)	95,173	104,338
	<u>9,243,393</u>	<u>10,954,185</u>

- (i) As at 30 June 2024, fixed deposits with maturities greater than 90 days amounted to QR 9,148 million (31 December 2023: QR 10,849 million). Fixed deposits are held with banks and denominated mainly in Qatari Riyals and US Dollars with an average effective interest rate of 6.2% (31 December 2023: 6.5%).
- (ii) Dividend accounts are 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 2024	31 December 2023
	<i>(Reviewed)</i>	<i>(Audited)</i>
At 1 January	472,123	465,977
Interest cost	2,997	6,211
Provision during the period/year	39,173	68,109
Acquisition of a subsidiary (Note 26)	55,154	14
Actuarial gains and losses on re-measurement of present value of defined benefits obligation	-	1,752
Paid during the period/year	(31,965)	(69,940)
At 30 June / 31 December	<u>537,482</u>	<u>472,123</u>

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16. Trade and other payables

	30 June 2024	31 December 2023
	<i>(Reviewed)</i>	<i>(Audited)</i>
Accrued expenses	956,209	760,538
Financial guarantees (1)	257,342	400,000
Due to related parties (Note 12.2)	340,818	330,014
Trade payables	238,759	438,416
Provision for social and sports contribution fund	-	108,836
Dividend payable	95,173	104,338
Other payables	77,114	77,902
	<u>1,965,415</u>	<u>2,220,044</u>

(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 the period, based on settlement of the loan by the Group's associate and related release of guarantee from one of the lenders, the Group has reversed provision of QR 142.66 million and recognised this as other income.

17. Income tax**Tax expense**

	30 June 2024	30 June 2023
	<i>(Reviewed)</i>	<i>(Reviewed)</i>
<i>Current income tax</i>		
Current income tax charge	395,121	277,310
Adjustments for prior year income tax	14,790	113
	<u>409,911</u>	<u>277,423</u>
Group tax benefit relating to subsidiaries (i)	<u>(401,439)</u>	<u>(276,570)</u>
	8,472	853
<i>Deferred tax</i>	<u>254</u>	<u>-</u>
Income tax expense	<u>8,726</u>	<u>853</u>

(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.

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

	30 June 2024 (Reviewed)	30 June 2023 (Reviewed)
Profit before tax	2,357,355	2,090,462
Adjustments for:		
Non-taxable income	(1,381,405)	(1,509,260)
Non-deductible expenses and losses	<u>217,232</u>	<u>341,863</u>
Taxable income	1,193,182	923,065
Income tax	395,375	277,310
Adjustments for prior year income tax	14,790	113
Group tax benefit relating to subsidiaries	<u>(401,439)</u>	<u>(276,570)</u>
Income tax expense	<u>8,726</u>	<u>853</u>

Income tax payable

Movement of income tax payable is as follows:

	30 June 2024 (Reviewed)	31 December 2023 (Audited)
At 1 January	2,323	790
Income tax for the period/year	395,121	699,260
Acquisition of a subsidiary	101,228	-
Income tax for the prior year net of previously recognized payable	14,790	113
Amount paid during the period/year	(3,071)	(115)
Group tax benefit relating to subsidiaries	<u>(401,439)</u>	<u>(697,725)</u>
At 30 June / 31 December	<u>108,952</u>	<u>2,323</u>

Global Minimum Tax

Management is closely monitoring developments related to the implementation of the international tax reforms introducing a global minimum top-up tax.

The Group has adopted International Tax Reform - Pillar Two Model Rules (Amendments to IAS 12) upon their release on 23 May 2023. The amendments provide a temporary mandatory exception from deferred tax accounting for the top-up tax.

Once changes to the tax laws in any jurisdiction in which the Group operates are enacted or substantively enacted, the Group may be subject to the top-up tax. The Group mainly operates in Qatar, United Arab Emirates, Kingdom of Saudi Arabia and Bahrain. Through the issuance of its amended Tax Law No. 11 of 2022, the State of Qatar has committed to introducing global minimum tax with minimum effective tax rate of 15%. Further information in relation to the implementation, compliance or administrative provisions related to the global minimum tax are expected to be issued by the General Tax Authority as amendments to the Executive Regulations of the amended tax law in the near future.

Since none of the jurisdictions in which the Group operates have enacted or substantively enacted the tax legislation related to the top-up tax as at the reporting date, there is no impact on the Group's condensed consolidated interim financial information as at and for the period ended 30 June 2024.

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18. Revenues

	30 June 2024 (Reviewed)	30 June 2023 (Reviewed)
Disaggregation of revenue – at a point in time		
Bar sales	1,354,814	1,547,908
Billet sales	-	271,865
Direct reduced iron (DRI) sales	455,245	397,436
Coil sales	118,540	145,958
Urea sales	3,238,106	3,216,857
Ammonia sales	311,794	404,295
Melamine sales	104,730	120,825
Methanol	24,337	-
MTBE sales	94,551	-
Freight revenue	3,501	69
	<u>5,705,618</u>	<u>6,105,213</u>
Less: freight charges and marketing fees	<u>(6,140)</u>	<u>(3,400)</u>
	<u>5,699,478</u>	<u>6,101,813</u>

19. Cost of sales

	30 June 2024 (Reviewed)	30 June 2023 (Reviewed)
Raw materials consumed	2,832,122	3,676,007
Utilities	195,779	186,743
Salaries and wages	350,294	288,369
Depreciation and amortization	716,964	671,840
Repairs and maintenance	61,539	61,536
Others	148,545	121,646
	<u>4,305,243</u>	<u>5,006,141</u>

20. 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 2024 (Reviewed)	30 June 2023 (Reviewed)
Profit for the period	<u>2,348,629</u>	<u>2,089,609</u>
Profit attributable to owners of the Company for basic and diluted earnings	<u>2,331,763</u>	<u>2,088,087</u>
Weighted average number of shares (in thousands)	<u>6,050,000</u>	<u>6,050,000</u>
Basic and diluted earnings per share (expressed in QR per share)	<u>0.39</u>	<u>0.35</u>

21. Dividends

During the period, cash dividend of QR 0.78 per share amounting to QR 4,719 million relating to 2023 were approved by the shareholders at the Annual General Assembly Meeting (AGM) held on 6 March 2024 (31 December 2023: QR 1.1 per share amounting to QR 6,655 million relating to 2022 in AGM held on 15 March 2023).

The Board of Directors have approved an interim cash dividend in respect of the six-month period ended 30 June 2024 of QR 0.31 per share, amounting to a total of QR 1,876 million.

22. 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 2024	31 December 2023	30 June 2024	31 December 2023	
Equity securities	402,655	421,079	402,655	421,079	Level 1
Trade receivable measured at fair value (i)	1,246,390	622,950	1,246,390	622,950	Level 3

Financial assets not measured at fair value

Advance to a related party	-	-	237,270	137,797	-
Trade and other receivables (ii)	-	-	1,056,206	2,028,697	-
Cash at banks	-	-	2,949,595	3,459,934	-
Fixed deposits and other bank balances	-	-	9,243,393	10,954,185	-

Financial liabilities not measured at fair value

Trade and other payables (iii)	-	-	1,009,206	1,350,670	-
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(i) The Group has received the Actual Net Back Unit Price (ANUP) from Muntajat, prior to closure of the financial period end, which has been used to measure the receivables from Muntajat. Moreover, the impact of price adjustment is considered to be not significant. Hence, the carrying amount has been considered to equal the fair value.

(ii) Trade and other receivables include trade receivable at amortized cost, due from related parties, loans to employees, accrued interest and other receivables.

(iii) Trade and other payables do not include accrued expenses and provision for social and sports contribution fund.

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

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23. Segment information

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

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

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

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23. 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 2024 and 2023:

For the six-month period ended 30 June 2024 (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	2,145,556	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	1,058,417	3,163,910	(806,555)	2,357,355
Depreciation and amortisation	231,256	574,119	107,634	45,302	958,311	(222,572)	735,739
Finance costs	1,813	8,474	5,126	-	15,413	(1,412)	14,001

For the six-month period ended 30 June 2023 – represented (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	2,164,003	3,741,977	2,359,836	-	8,265,816	(2,164,003)	6,101,813
Total revenue	2,164,003	3,741,977	2,359,836	-	8,265,816	(2,164,003)	6,101,813

	<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	825,173	723,986	278,489	3,139,961	4,967,609	(2,877,147)	2,090,462
Depreciation and amortisation	246,448	524,365	95,288	67,879	933,980	(246,448)	687,532
Finance costs	1,715	8,563	5,877	-	16,155	(1,715)	14,440

23. 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 3,773 million (30 June 2023: QR 3,742 million) are derived from a single external customer, Muntajat. Pursuant to Decree Law 11 of 2012 of the State of Qatar, Muntajat was established in the year 2012 to carry out marketing and distribution activities of all regulated chemical and petrochemical products.

The Group entities are domiciled in Qatar, the Kingdom of Bahrain, the Kingdom of Saudi Arabia and United Arab Emirates. Of the group's revenues in the six-month period 2024, 76% is earned in Qatar (30 June 2023: 74%), 9% earned in UAE (30 June 2023: 7%) 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 operating segments as at 30 June 2024 and 31 December 2023.

Segment assets	Petrochemicals	Fertilisers	Steel	Others	Adjustments	Total
					and eliminations	
At 30 June 2024 (Reviewed)	8,923,311	13,677,218	8,623,332	21,677,349	(11,415,465)	41,485,745
At 31 December 2023 (Audited)	8,156,758	13,850,621	8,641,118	25,457,163	(13,053,045)	43,052,615
Segment liabilities	Petrochemicals	Fertilisers	Steel	Others	Adjustments	Total
					and eliminations	
At 30 June 2024 (Reviewed)	1,375,168	3,546,103	1,354,516	1,785,793	(5,005,968)	3,055,612
At 31 December 2023 (Audited)	1,637,187	3,995,720	1,639,521	1,905,021	(6,101,175)	3,076,274

24. Contingencies

The Group has contingent liabilities in respect of bank and other guarantees, legal claims and other matters arising in the ordinary course of business.

The Group's contingent liabilities are as follows:

	30 June 2024	31 December 2023
	(Reviewed)	(Audited)
Letters of credit	1,521	3,302
Bank guarantees	1,831	1,759
Letters of credit – the Group's share of associates and joint ventures	307,624	141,990
Bank guarantees – the Group's share of associates and joint ventures	121,667	72,365

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 2023: QR 400 million) already recognised (Note 16).

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For the six-months period ended 30 June 2024

24. Contingencies (continued)***Site restoration obligation***

The main entities composing the Group (Qatar Steel, QAFCO and QAPCO) 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>

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.

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 this condensed consolidated interim financial information.

Tax related contingencies

The General Tax Authority ("GTA") issued income tax assessments to certain components of the Group for the years from 2003 to 2018, requiring the components to pay additional taxes and penalties of QR 4,571 million (including share of joint ventures and associates) and disallowing some expenses amounting to QR 101.1 million (including share of joint ventures and associates).

Certain 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 ("MoF") 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.

24. Contingencies (continued)***Tax related contingencies (continued)***

QAFCO has adopted a lower tax base for computation of income tax (effective foreign shareholding), in relation to the filing and payment of the 2022 income tax return. Per IFRIC 23 management has accounted for tax for the six-month period ended 30 June 2024 under the previous basis (as 100% taxable). Since there are uncertainties on the effective tax rate, the income tax payable closing balance continues to follow the treatment adopted in the prior year consolidated financial statements and will be modified post alignment with tax authorities.

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 2023: Nil).

25. Commitments**(i) Capital commitments**

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

	30 June 2024	31 December 2023
	(Reviewed)	(Audited)
Capital commitments	<u>5,063,182</u>	<u>5,735,992</u>
Capital commitments – the Group's share of associates and joint ventures	<u>611,022</u>	<u>670,185</u>

26. Acquisition of subsidiaries**QAFAC**

Principal activities of the QAFAC are to construct, own, operate and maintain facilities for the production, marketing and export of methyl-tertiary-butyl-ether (MTBE) and methanol. QAFAC is not publicly listed.

During the period, the Consolidated Joint Venture Agreement (CJVA) of QAFAC expired on 9 June 2024. Post 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 to be acquired by a related party with an economic effective date of 10 June 2024, subject to completion of legal formalities. 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 included in this condensed consolidated interim financial information as a subsidiary with effect from 10 June 2024.

In the period from 10 June 2024 to 30 June 2024, QAFAC contributed revenue of QR 119 million and profit of QR 31 million to the Group's results (before allocation to NCI). If the acquisition had occurred on 1 January 2024, management estimates that consolidated revenue and profit of the Group for the six-month period would have been QR 7,103 million and QR 2,534 million respectively.

26. Acquisition of subsidiaries (continued)**QAFAC (continued)****A. Identifiable assets acquired and liabilities assumed**

The following table summarizes the recognized amounts of assets acquired and liabilities assumed at the date of acquisition:

	Note	
Property, plant and equipment	4	928,953
Deferred tax assets		40,840
Inventories		209,247
Trade and other receivables		585,222
Cash and cash equivalents		478,288
Provision for employees' end of service benefits	15	(55,154)
Trade and other payables		(352,384)
Income tax payable	17	(202,456)
Total identifiable net assets acquired		<u><u>1,632,556</u></u>

Finalization of fair value

The management is expected to finalize fair valuation within one year from the date of acquisition which is allowed by IFRS 3, however, the exercise is expected to be completed by year-end.

B. 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.

C. Remeasurement of existing interest in the joint venture

Since the Group is in process to finalize the fair value measurement of assets acquired and liabilities assumed, the gain/loss on remeasurement of existing interest in joint venture is expected to be determined at the time of finalization of fair values. This gain/loss will be recorded along with completion of fair value measurement within 12 months of date of acquisition.

D. 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:

Total identifiable net assets acquired	1,632,556
NCI percentage	<u>50%</u>
Acquisition of a subsidiary with NCI	<u><u>816,278</u></u>

26. Acquisition of subsidiaries (continued)**Al Qataria**

On 5 October 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, Doha, Qatar together with all rights thereto and without any liabilities and obligations. Al Qataria's activities include the production of reinforcing steel bars and the trading in steel products. Currently it has annual production capacity of 500,000 MTs of rebar.

The purchase consideration for 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 has 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's 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. Below summarizes the details of assets acquired and liabilities assumed as per provisional Purchase Price Allocation as of the date of acquisition:

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: consideration 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 Nil (FY 2023: QR 0.93 million) relating to consultant and external professional fees during current year. These costs have been included in 'General and administrative expenses' in profit or loss.

27. Comparative figures

Other than the reclassification mentioned in Note 7, the comparative figures presented have been reclassified where necessary to preserve consistency with the current period figures. However, such reclassifications did not have any effect on the net profit or the total equity for the comparative period.

28. Subsequent events

Other than declaration of interim dividend mentioned in Note 21, there were no significant events after the reporting date, which have a bearing on this condensed consolidated interim financial information.