# Qatar Aluminium Manufacturing Company Q.P.S.C.

## INTERIM CONDENSED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REVIEW REPORT

## FOR THE PERIOD FROM 3 DECEMBER 2018 TO 30 JUNE 2019

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# INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF QATAR ALUMINIUM MANUFACTURING COMPANY Q.P.S.C. (QAMCO)

## Introduction

We have reviewed the accompanying interim condensed financial statements of Qatar Aluminium Manufacturing Company Q.P.S.C. ("QAMCO" or the "Company"), which comprise the interim statement of financial position as at 30 June 2019 and the related interim statement of income, interim statement of comprehensive income, interim statement of changes in equity and interim statement of cash flows for the period from 3 December 2018 to 30 June 2019, and the related explanatory notes.

The management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

## Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements 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 interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.

Ziad Nader
of Ernst & Young
Auditor's Registration No: 258

Date: 25 July 2019
Doha

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# INTERIM STATEMENT OF FINANCIAL POSITION
As at 30 June 2019

| | Notes | *30 June 2019 QR ('000') (Reviewed)* |
|---|---|---|
| **ASSETS** | | |
| **Non-current asset** | | |
| Investment in a joint venture | 4 | **5,570,019** |
| **Total non-current asset** | | **5,570,019** |
| **Current assets** | | |
| Due from a related party | 9 | **125** |
| Other receivables | | **1,480** |
| Bank balances and cash | 5 | **104,929** |
| **Total current assets** | | **106,534** |
| **TOTAL ASSETS** | | **5,676,553** |
| **EQUITY AND LIABILITIES** | | |
| **Equity** | | |
| Share capital | 6 | **5,580,120** |
| Hedging reserve | 4 | **9,540** |
| Retained earnings | | **55,241** |
| **Total equity** | | **5,644,901** |
| **Current liabilities** | | |
| Other payables | | **28,100** |
| Due to related parties | 9 | **3,552** |
| **Total liabilities** | | **31,652** |
| **TOTAL EQUITY AND LIABILITIES** | | **5,676,553** |

These interim condensed financial statements were approved by the Board of Directors and authorised for issue on 25 July 2019 by:

**Abdulrahman Ahmad Al-Shaibi**
Chairman

**Mohammed Essa Al-Mannai**
Board Member

The attached notes 1 to 11 form part of these interim condensed financial statements.

# INTERIM STATEMENT OF INCOME

For the period from 3 December 2018 to 30 June 2019

| | *Notes* | ***3 December 2018 to 30 June 2019 QR ('000') (Reviewed)*** |
|---|---|---|
| Share of profit of a joint venture | 4 | **9,819** |
| General and administrative expenses | | **(7,079)** |
| Other income | | **2,463** |
| **PROFIT FOR THE PERIOD** | | **5,203** |
| **Earnings per share** | | |
| Basic and diluted earnings per share (QR per share) | 7 | **0.001** |

The attached notes 1 to 11 form part of these interim condensed financial statements.

INTERIM STATEMENT OF COMPREHNSIVE INCOME

For the period from 3 December 2018 to 30 June 2019

| | *3 December 2018 to 30 June 2019 QR ('000') (Reviewed)* |
|---|---|
| **PROFIT FOR THE PERIOD** | **5,203** |
| **Other comprehensive income** | |
| ***Items to be reclassified to profit or loss in subsequent periods*** | |
| Share of other comprehensive income of a joint venture | **9,540** |
| **TOTAL COMPREHENSIVE INCOME FOR THE PERIOD** | **14,743** |

The attached notes 1 to 11 form part of these interim condensed financial statements.

# INTERIM STATEMENT OF CHANGES IN EQUITY

For the period from 3 December 2018 to 30 June 2019

| | *Share capital QR ('000')* | *Hedging reserve QR ('000')* | *Retained earnings QR ('000')* | *Total QR ('000')* |
|---|---|---|---|---|
| Capital contribution (Note 1) | 5,580,120 | - | - | 5,580,120 |
| Profit for the period | - | - | 5,203 | 5,203 |
| Other comprehensive income for the period | - | 9,540 | - | 9,540 |
| Total comprehensive income for the period | - | 9,540 | 5,203 | 14,743 |
| Dividend (Note 8) | - | - | (111,602) | (111,602) |
| Assignment of QP's share of profit in Qatalum for the period from 1 July 2018 to 2 December 2018 (Note 4) | - | - | 117,041 | 117,041 |
| Share of impact of adopting IFRS 16 of a joint venture | - | - | 44,599 | 44,599 |
| **At 30 June 2019 (Reviewed)** | **5,580,120** | **9,540** | **55,241** | **5,644,901** |

The attached notes 1 to 11 form part of these interim condensed financial statements.

# INTERIM STATEMENT OF CASH FLOWS
For the period from 3 December 2018 to 30 June 2019

| | *Notes* | ***3 December 2018 to 30 June 2019 QR ('000') (Reviewed)*** |
|---|---|---|
| **OPERATING ACTIVITIES** | | **5,203** |
| Profit for the period | | |
| *Adjustments for:* | | |
| Share of profit of a joint venture | 4 | **(9,819)** |
| Finance income | | **(2,008)** |
| Operating cash flows before working capital changes | | **(6,624)** |
| *Working capital change:* | | |
| Due from a related party | | **(125)** |
| Other receivables | | **(1,480)** |
| Due to related parties | | **3,552** |
| Other payables | | **1,992** |
| **Net cash flows from operating activities** | | **(2,685)** |
| **INVESTING ACTIVITIES** | | |
| Investment in a joint venture *(Note i)* | 4 | **(2,734,259)** |
| Dividend received from a joint venture | 4 | **191,100** |
| Movement in restricted bank balances on unclaimed dividend call accounts | 5 | **(26,108)** |
| Fixed deposits maturing after 90 days | 5 | **(73,600)** |
| Finance income | | **2,008** |
| **Net cash flows used in investing activities** | | **(2,640,859)** |
| **FINANCING ACTIVITIES** | | |
| Proceeds from issue of shares | | **2,734,259** |
| Dividends paid | | **(85,495)** |
| **Net cash flows from financing activities** | | **2,648,764** |
| **Net increase in cash and cash equivalents** | | **5,221** |
| Cash and cash equivalents at the incorporation | | **-** |
| **CASH AND CASH EQUIVALENTS AT 30 JUNE** | 5 | **5,221** |

*Note i:*
During the period, the Company acquired 50% of Qatar Aluminium Limited Q.S.C. from Qatar Petroleum. Purchase consideration was settled by the Company in cash by QR 2,734,258,800 and balance amount in kind (by issuance of the Company's shares in lieu to QP) for QR 2,845,861,200.

## 1 CORPORATE INFORMATION AND ACTIVITIES

Qatar Aluminium Manufacturing Company Q.P.S.C. (the "Company" or "QAMCO") is registered and incorporated in Qatar with commercial registration number 126659 as a Public Qatari Shareholding Company by its founding shareholder, Qatar Petroleum ("QP"). The Company is listed in the Qatar Stock Exchange and is governed by the provisions of the Qatar Commercial Companies Law No. 11 of 2015, and the regulations of Qatar Financial Markets Authority and Qatar Stock Exchange.

The Company was incorporated on 3 December 2018 for an initial period of 50 years. The Company is 51% owned by QP and 49% of the Company's shares are traded on the Qatar Stock Exchange. The Company's registered office is at P.O. Box 3212, Doha, State of Qatar. The Parent of the Company is QP.

The principal activity of the Company is to establish, manage, own and/or hold shares, assets and interests in companies (and their subsidiaries and/or associated undertakings), engaged in all manner of processing and/or manufacturing of metal products including aluminium, practicing and implementing various aspects and stages of activities related to minerals and mining, including the development of supply chains and products, whether inside or outside the State of Qatar.

The Company commenced commercial activities on 3 December 2018.

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting standards (IFRS). The interim condensed financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). The interim condensed financial statements also comply with the Company Articles of Association and the applicable provisions of Qatar Commercial Companies Law.

The interim condensed financial statements have been prepared on a historical cost basis.

The interim condensed financial statements are prepared in Qatari Riyals ("QR"), which is the Company's functional and presentation currency and all values are rounded to the nearest thousands (QR "000"), except when otherwise indicated.

### 2.2 Use of estimates and judgements

The preparation of interim condensed financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the interim condensed financial statements is included in note 11.

### 2.3 Significant accounting policies

**Investment in a joint venture**
Under IFRS 11 investments in joint arrangements are classified as either joint operation or joint venture. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Company has only investment in a joint venture.

An investment in a joint venture is accounted for using the equity method, after initially being recognised at cost of acquisition in the interim statement of financial position.

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Significant accounting policies (continued)

**Investment in a joint venture (continued)**
Under the equity method of accounting, the investments are initially recognised at cost of acquisition and adjusted thereafter to recognise the Company's share of the post-acquisition profits or losses of the investee in the statement of income, and the Company's share of movements in other comprehensive income of the investee in statement of other comprehensive income. Dividends received or receivable from investment in a joint venture are recognised as a reduction in the carrying amount of the investment.

When the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Company and joint venture are eliminated to the extent of the Company's interest in the joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

**Financial assets**
Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

***Initial recognition and measurement***
The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Business model:** the business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at fair value through profit or loss ('FVTPL"). Factors considered by the Company in determining the business model for a Company of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

**SPPI:** Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement, i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at Fair value through profit or loss (FVTPL).

**2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**2.3 Significant accounting policies (continued)**

**Financial assets (continued)**

***Subsequent measurement***
For purposes of subsequent measurement, financial assets are classified in four categories:
- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

*Financial assets at amortised cost (debt instruments)*
This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

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

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes amounts due from a related party, other receivables and bank balances and cash.

*Cash and cash equivalents*
Cash and cash equivalents comprise of cash and bank balance and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short term commitments.

***Derecognition of financial assets***
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired Or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass- through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Significant accounting policies (continued)

**Financial assets (continued)**

*Impairment of financial assets*
The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate.

**Financial liabilities**

***Initial recognition and measurement***
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include due to related parties and other payables.

**Other payables**
Other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers prior to the end of financial period which are unpaid. Other payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

***Derecognition of financial liabilities***
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of income.

***Offsetting of financial instruments***
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

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

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

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

**Dividend distribution**
Liabilities for dividend distributions are recognised for the amount of any dividend declared, being appropriately authorised and amount set aside in restricted dividend distribution bank account of the Company, on or before the end of the reporting period but not claimed by the shareholders at the end of the reporting period. Dividend distribution liabilities are recognised as an appropriation from retained earnings in the interim condensed statement of changes in equity, with any unpaid amount is presented under other payables in the interim statement of financial position.

## 2 BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Significant accounting policies (continued)

**Earnings per share**
Basic earnings per share is calculated by dividing:
- the profit or loss attributable to ordinary owners of the Company
- by the weighted average number of ordinary shares outstanding during the period, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

**Current versus non-current classification**
The Company presents assets and liabilities based on current/non-current classification.

An asset as current when it is:
- Expected to be realised or intended to sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or,
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

**Fair value measurement**
The fair value is the estimated amount for which assets could reasonably be exchanged for on the date of valuation between a willing buyer and a willing seller in an arm’s length transaction wherein the buyer and seller has each acted knowledgeably, prudently and without compulsion.

## 3 ACQUISITION OF A JOINT VENTURE

On 3 December 2018 the Company acquired 50% interest of Qatar Aluminium Limited Q.S.C. (Qatalum) from QP. The values of the identifiable assets and liabilities of Qatalum as at the date of acquisition are as follows:

| | *QR (‘000’) (Reviewed)* |
|---|---|
| **ASSETS** | |
| Property, plant and equipment | **12,845,083** |
| Intangible assets | **16,300** |
| Other non-current assets | **151,286** |
| Inventories | **1,293,743** |
| Trade receivables | **504,282** |
| Prepayments and other receivables | **126,039** |
| Cash and bank balances | **984,973** |
| **TOTAL ASSETS** | **15,921,706** |
| **LIABILITIES** | |
| Loans and borrowings | **5,675,292** |
| Other long-term liabilities | **109,069** |
| Employees’ end of service benefits | **81,026** |
| Derivative financial liabilities - interest rate swaps | **20,744** |
| Due to related parties | **100,100** |
| Trade and other payables | **406,774** |
| **TOTAL LIABILITIES** | **6,393,005** |
| **NET ASSET** | **9,528,701** |
| Proportion of the Company’s ownership | **50%** |
| Company’s share of net asset acquired | **4,764,351** |
| Less: total consideration | **(5,697,161)** |
| **Goodwill arising on acquisition (provisional)** | **932,810** |

*Note i*
Purchase consideration consists as follows:

| | *QR (‘000’) (Reviewed)* |
|---|---|
| Issuance of Company shares to QP | **2,845,861** |
| Settlement by cash to QP | **2,734,259** |
| Assignment of QP’s share of profit in Qatalum for the period from 1 July 2018 to 2 December 2018 | **117,041** |
| | **5,697,161** |

*Note ii*
The initial account for the above acquisition is only provisional as at the period end, as the fair value to be assigned to the acquiree's identifiable assets and liabilities could be determined only after performing the fair value exercise by the Company. The Company will recognize any adjustments to those provisional values after performing the fair value exercise within 12 months from the date of acquisition.

## 4 INVESTMENT IN A JOINT VENTURE

The carrying amount of the investment represents the investment in Qatar Aluminum Limited Q.S.C. (Qatalum) as follows

| | *30 June 2019 QR ('000') (Reviewed)* |
|---|---|
| Investment in a joint venture | **5,570,019** |

**Qatar Aluminium Limited Q.S.C.**
Qatar Aluminium Limited Q.S.C. (Qatalum) was registered on 24 July 2007 as a Qatari Joint Stock Company in accordance with formerly Article 68 of the Qatar Commercial Companies Law No.5 of 2002 (replaced by Article 207 of Law No. 11 of 2015) and the terms of its Articles of Association under commercial registration number 36539. During 2018, QP transferred its ownership in Qatalum to the Company.

The principal activities of Qatalum are to produce and sell the aluminium products produced by the smelter located in Mesaieed. The Company's plant commenced its commercial production on 1 January 2010.

The movements in the investment in the joint venture is as follows:

| | *3 December 2018 to 30 June 2019 QR ('000') (Reviewed)* |
|---|---|
| Acquisition of interest in joint venture *(Note i)* | **5,697,161** |
| Share of profit of a joint venture | **9,819** |
| Company's share of other comprehensive income items of the joint venture | **9,540** |
| Dividends received from joint venture | **(191,100)** |
| Share of impact of adopting IFRS 16 of a joint venture | **44,599** |
| At 30 June | **5,570,019** |

*Note i*
This includes QR 117,041 thousand, share of results of Qatalum from 1 July 2018 to 2 December 2018. As per the Instrument of Transfer of Shares between QAMCO and QP, the Company is entitled for all economic benefits of Qatalum with effect from 1 July 2018. Accordingly, QP waived off and transferred all the rights to dividends and share of results of Qatalum from 1 July 2018 to the date of incorporation of the Company.

**4 INVESTMENT IN A JOINT VENTURE (CONTINUED)**

Financial information of the joint venture are as follows:

**Statement of financial position of the joint venture is as follows:**

| | *30 June 2019 QR ('000') (Reviewed)* |
|---|---|
| Current assets | **2,736,596** |
| Non-current assets | **13,298,937** |
| Current liabilities | **(1,413,179)** |
| Non-current liabilities | **(5,129,535)** |
| **Equity** | **9,492,819** |

**Statement of income of the joint venture:**

| | *3 December 2018 to 30 June 2019 QR ('000') (Reviewed)* |
|---|---|
| Revenue | **2,859,791** |
| Other income | **34,886** |
| **Total Income** | **2,894,677** |
| Raw material and energy consumption | **(1,608,083)** |
| Salaries and related costs | **(238,147)** |
| Depreciation and amortization | **(582,524)** |
| Loss on disposal of property plant and equipment | **(29,975)** |
| Technical service cost | **(29,844)** |
| Finance cost | **(148,188)** |
| Other expenses | **(238,278)** |
| **Profit for the period** | **19,638** |
| Proportion of the Company's ownership | **50%** |
| **Company's share of profit for the period in the joint venture** | **9,819** |
| **Other supplement information of the joint venture** | |
| Profit for the period | **19,638** |
| Add: depreciation and amortisation | **582,524** |
| finance cost | **148,188** |
| **Qatalum's profit before interest, tax, depreciation and amortisation (EBITDA)** | **750,350** |

## 4 INVESTMENT IN A JOINT VENTURE (CONTINUED)

**Statement of other comprehensive income of the joint venture:**

| | *3 December 2018 to 30 June 2019 QR ('000') (Reviewed)* |
|---|---|
| **Other comprehensive income** | |
| *Items to be reclassified to profit or loss in subsequent periods:* | |
| Net gain on cash flow hedges | **19,080** |
| Proportion of the Company's ownership | **50%** |
| **Company's share of other comprehensive income for the period in the joint venture** | **9,540** |

**Capital commitments and contingent liabilities**
The Company's share in the joint venture's commitments and contingent liabilities are as follows:

| | *30 June 2019 QR ('000') (Reviewed)* |
|---|---|
| **Capital commitments** | **181,643** |
| **Contingent liabilities** | |
| Letter of credits | **273,000** |
| Bank guarantees | **48,656** |

## 5 BANK BALANCES AND CASH

| | *30 June 2019 QR ('000') (Reviewed)* |
|---|---|
| Bank balances and cash | **104,929** |
| Less: Fixed deposits maturing after 90 days | **(73,600)** |
| Less: Restricted bank balances on unclaimed dividend call accounts | **(26,108)** |
| Cash and cash equivalents | **5,221** |

## 6 SHARE CAPITAL

| | *30 June 2019 QR ('000') (Reviewed)* |
|---|---|
| *Authorised, issued and fully paid-up:* | |
| 558,012,000 shares of QR 10 each | **5,580,120** |

The Board of Directors of Qatar Financial Markets Authority ("QFMA") issued its resolution at its 4th meeting for the year 2018 held on 16 December 2018, to reduce the nominal value of shares of listed companies in Qatar to be (1) one Qatari Riyal, accordingly each existing share has been split into 10 shares.

On 8 July 2019 Qatar Exchange announced that the stock split of the Company has been executed. Accordingly, the number of shares as of that date became 5,580,120,000 shares and which has been used for the purpose of calculating the earning per share (Note 7) as per the requirement of IAS 33.

**Special Share**
QP owns a Special Share of the Company and as per the Articles of Association, the Special Share is always to be owned by QP, and it may only be transferred to government, any government Corporation or any QP affiliate. The Special Share cannot be cancelled or redeemed without the prior written consent of the Special Shareholder.

## 7 BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the period by the weighted average number of shares outstanding during the period.

The following reflects the income and share data used in the basic and diluted earnings per share computation:

| | *3 December 2018 to 30 June 2019 (Reviewed)* |
|---|---|
| Profit attributable to the equity holders of the company for the period (QR) ('000') | **5,203** |
| Weighted average number of shares outstanding during the period ("in thousands") (Note 6) | **5,580,120** |
| Basic and diluted earnings per share (expressed in QR per share) | **0.001** |

## 8 DIVIDEND

At the Board meeting held on 28 April 2019, the Board of Directors approved interim cash dividends of QR 0.2 per share totalling to QR 111,602 thousand.

## 9 RELATED PARTY DISCLOSURES

Related parties represent the Parent, major shareholders, associated companies, joint ventures, affiliates, directors and 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 Company's management.

**Related party transactions**

Transactions with related parties included in the interim statement of income are as follows:

| | *3 December 2018 to 30 June 2019 QR ('000') (Reviewed)* |
|---|---|
| Service fees to QP | **3,607** |

**Related party balances**

Balance with related parties included in the interim statement of financial position are as follows:

**Due to related parties:**

| *Related party* | *Nature of relationship* | *30 June 2019 QR ('000') (Reviewed)* |
|---|---|---|
| Qatar Petroleum | Shareholder | **3,457** |
| Qatalum | Joint venture | **95** |
| | | **3,552** |

**Due from a related party:**

| *Related party* | *Nature of relationship* | *30 June 2019 QR ('000') (Reviewed)* |
|---|---|---|
| Qatar Petroleum | Shareholder | **125** |

**Compensation of key management personnel**

The remuneration of key management personnel during the period was as follows:

| | *3 December 2018 to 30 June 2019 QR ('000') (Reviewed)* |
|---|---|
| Short-term benefits (includes board sitting fees) | **1,912** |

**10 FINANCIAL RISK MANAGEMENT**

**Objectives and policies**
The main risks arising from the Company's financial instruments are:

- Credit risk;
- Liquidity risk; and
- Market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Management seeks to minimize potential adverse effects on the financial performance of the Company by taking appropriate steps to address specific risk management areas such as interest rate risk, credit risk, currency risk and liquidity risk.

***Credit risk***
Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Most of the Company's credit risk arises from receivables including due from related parties and bank balances. The Company seeks to limit its credit risk with respect to banks by only dealing with reputable banks and with respect to customers by dealing with creditworthy counterparties and continuously monitors its exposure.

With respect to credit risk arising from the financial assets of the Company, the exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments in the interim statement of financial position at the reporting date.

***Liquidity risk***
Liquidity risk represents the risk that the Company will not be able to settle its financial obligations as they due fall due to cash and liquidity concerns. Liquidity risk arises from the inability to collect amounts from its customers as and when they become due. Management confirms that cash and liquidity sources are sufficiently available to cover future obligations of the Company. The Company's approach is to manage liquidity risk to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company limits its liquidity risk by ensuring sufficient liquid funds are retained in the Company. Trade payables are normally settled within 30 - 60 days of the date of purchase.

***Market risk***
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

***Currency risk***
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company does not hedge its currency exposure. The Company's functional currency is the Qatari Riyal and major payment of payables and other liabilities are denominated in this currency.

**Capital management**
The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Capital includes share capital and retained earnings and is measured at QR 5,635,361 thousand at 30 June 2019.

## 11 CRITICAL JUDGEMENT AND ESTIMATES IN APPLYING THE COMPANY'S ACCOUNTING POLICIES

**Use of estimates and judgments**

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