

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

Condensed interim financial information and
independent auditor's review report for the
six-month period ended 30 June 2021

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

Condensed interim financial information for the six-month period ended 30 June 2021

CONTENTS

PAGES

<i>Independent auditor's review report</i>	<i>1</i>
<i>Condensed interim statement of financial position</i>	<i>2</i>
<i>Condensed interim statement of profit or loss and other comprehensive income</i>	<i>3</i>
<i>Condensed interim statement of changes in equity</i>	<i>4</i>
<i>Condensed interim statement of cash flows</i>	<i>5</i>
<i>Notes to condensed interim financial information</i>	<i>6-13</i>



Independent auditor's review report on condensed interim financial information to the Board of Directors of Qatar Aluminium Manufacturing Company Q.P.S.C.

Introduction

We have reviewed the accompanying condensed interim statement of financial position of Qatar Aluminium Manufacturing Company Q.P.S.C. (the "Company") as of 30 June 2021 and the related condensed interim statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34, 'Interim financial reporting'. Our responsibility is to express a conclusion on this condensed interim financial information 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 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 condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting".

For and on behalf of PricewaterhouseCoopers – Qatar Branch

Qatar Financial Market Authority registration number 120155

Mark Menton

Auditor's registration number 364

Doha, State of Qatar

5 August 2021



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

Condensed interim financial information for the six-month period ended 30 June 2021

(All amounts expressed in thousands Qatari Riyals unless otherwise stated)

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

As at	Notes	30 June 2021 QR ('000') (Reviewed)	31 December 2020 QR ('000') (Audited)
Assets			
Non-current asset			
Investment in a joint venture	3	5,454,003	5,357,147
Current assets			
Other receivables		3,508	530
Cash and cash equivalents	4	1,095	233,361
Deposits and other bank balances	4.1	453,815	206,298
		458,418	440,189
Total assets		5,912,421	5,797,336
Equity and liabilities			
Equity			
Share capital	5	5,580,120	5,580,120
Retained earnings		268,167	174,980
Total equity		5,848,287	5,755,100
Liabilities			
Current liabilities			
Other payables	9	61,657	37,510
Due to a related party	8	2,477	4,726
Total current liabilities		64,134	42,236
Total equity and liabilities		5,912,421	5,797,336

This condensed interim financial information was approved and authorised for issue by the Board of Directors on **5 August 2021** and were signed on its behalf by:


Nabeel Mohammed Al-Buenain
Board Member


Mohammed Jaber Al-Sulaiti
Board Member

The notes on pages 6 to 13 are an integral part of this condensed interim financial information.

The independent auditor's review report is set out on page 1



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

Condensed interim financial information for the six-month period ended 30 June 2021

(All amounts expressed in thousands Qatari Riyals unless otherwise stated)

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	For the six-month period ended 30 June 2021 QR ('000') (Reviewed)	For the six-month period ended 30 June 2020 QR ('000') (Reviewed)
Share of results from a joint venture	3	287,955	18,295
General and administrative expenses		(5,503)	(5,769)
Interest income		3,927	870
Other income		2,112	1,246
Net profit for the period		288,491	14,642
Other comprehensive income		-	-
Total comprehensive income for the period		288,491	14,642
Basic and diluted earnings per share (in QR)	6	0.052	0.003

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

Condensed interim financial information for the six-month period ended 30 June 2021

(All amounts expressed in thousands Qatari Riyals unless otherwise stated)

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

	Share Capital QR ('000')	Retained earnings QR ('000')	Total QR ('000')
Balance at 1 January 2020 (Audited)	5,580,120	138,433	5,718,553
Profit for the period	-	14,642	14,642
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	14,642	14,642
<i>Transaction with owners in their capacity as owners:</i>			
Dividends approved	-	(55,801)	(55,801)
Balance at 30 June 2020 (Reviewed)	5,580,120	97,274	5,677,394
Balance at 1 January 2021 (Audited)	5,580,120	174,980	5,755,100
Profit for the period	-	288,491	288,491
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	-	288,491	288,491
<i>Transaction with owners in their capacity as owners:</i>			
Dividends approved	-	(195,304)	(195,304)
Balance at 30 June 2021 (Reviewed)	5,580,120	268,167	5,848,287

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

Condensed interim financial information for the six-month period ended 30 June 2021

(All amounts expressed in thousands Qatari Riyals unless otherwise stated)

CONDENSED INTERIM STATEMENT OF CASH FLOWS

	Notes	For the six-month period ended 30 June 2021 QR ('000') (Reviewed)	For the six-month period ended 30 June 2020 QR ('000') (Reviewed)
Cash flows from operating activities			
Net profit for the year		288,491	14,642
Adjustments for:			
Share of profit of a joint venture	3	(287,955)	(18,295)
Finance income		(3,927)	(870)
		(3,391)	(4,523)
<i>Movement in working capital:</i>			
Other receivables		(2,978)	723
Due to a related party		(2,249)	(1,439)
Other payables		(4,260)	(3,143)
Net cash used in operating activities		(12,878)	(8,382)
Cash flows from investing activities			
Dividend received from a joint venture		191,099	-
Placement of fixed deposits		(393,850)	(10,940)
Maturity of fixed term deposits		174,740	73,600
Finance income		3,927	870
Net cash (used in)/ generated from investing activities		(24,084)	63,530
Cash flows from financing activities			
Dividends paid		(166,897)	(46,027)
Movement in unclaimed dividends account		(28,407)	(9,774)
Net cash used in financing activities		(195,304)	(55,801)
Net decrease in cash and cash equivalents		(232,266)	(653)
Cash and cash equivalents at beginning of period		233,361	5,405
Cash and cash equivalents at end of period		1,095	4,752

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

Condensed interim financial information for the six-month period ended 30 June 2021

(All amounts expressed in thousands Qatari Riyals unless otherwise stated)

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 aluminum, 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.

The joint venture of the Company, included in the condensed interim financial information is as follows:

Entity Name	Country of incorporation	Relationship	Ownership interest
Qatar Aluminium Limited Q.P.J.S.C	Qatar	Joint venture	50%

Qatar Aluminum Limited Q.P.J.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 aluminum products produced by the smelter located in Mesaieed. Qatalum's plant commenced its commercial production on 1 January 2010.

These condensed interim financial information of the Company for the six month period ended 30 June 2021 were authorised for issue on **5 August 2021** by the Board of Directors.

2. BASIS OF PREPARATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The condensed interim financial information for the six month period ended 30 June 2021 have been prepared in accordance with IAS 34, Interim Financial Reporting under the historical cost convention.

The condensed interim financial information do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2020. In addition, results for the six month period ended 30 June 2021 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2021.

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

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

Condensed interim financial information for the six-month period ended 30 June 2021

(All amounts expressed in thousands Qatari Riyals unless otherwise stated)

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 condensed interim financial information is included in Note 12.

2.3 Significant accounting policies

The Company's accounting and risk management policies are consistent with those presented in the annual financial statements for the year ended 31 December 2020.

i. New standards and interpretations adopted during the period

A number of new or amended standards became applicable for the current reporting period. The Company did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

ii. New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting period and have not been early adopted by the Company. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions. The Company is in the process of assessing the impact of these new standards.

3. INVESTMENT IN A JOINT VENTURE

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

	30 June 2021
<i>For the six-month period ended</i>	QR ('000')
	(Reviewed)
Balance at beginning of the period	5,357,147
Share of results from the joint venture	287,955
Dividends received from the joint venture	(191,099)
At 30 June	5,454,003

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

Condensed interim financial information for the six-month period ended 30 June 2021

(All amounts expressed in thousands Qatari Riyals unless otherwise stated)

Financial information of the joint venture are as follows:

Statement of financial position of the joint venture

	30 June 2021	31 December 2020
As at	QR ('000')	QR ('000')
	(Reviewed)	(Audited) (Restated)
Current assets	2,749,692	2,336,640
Non-current assets	12,581,267	12,829,890
Current liabilities	(616,860)	(512,701)
Non-current liabilities	(5,204,224)	(5,134,872)
Equity	9,509,875	9,518,957
Proportion of the Company's ownership	50%	50%
Company's share in the joint venture's equity	4,754,937	4,759,479
Tax adjustment (Note 11)	(124,544)	(225,942)
Goodwill	823,610	823,610
Investment in joint venture	5,454,003	5,357,147

Statement of profit or loss and other comprehensive income of joint venture

	For the six-month period ended 30 June 2021 QR ('000')	For the six-month period ended 30 June 2020 QR (('000'))
	(Reviewed)	(Reviewed) (Restated)
Revenue	2,705,590	2,242,047
Other income	6,850	6,221
Total Income	2,712,440	2,248,268
Raw material and energy consumption	(1,188,544)	(1,211,170)
Salaries and related costs	(185,425)	(207,866)
Depreciation and amortization	(440,458)	(447,811)
Loss on disposal of property plant and equipment	(27,231)	(13,257)
Technical service cost	(31,526)	(22,157)
Finance cost	(71,679)	(127,735)
Other expenses	(191,668)	(181,683)
Profit before tax	575,909	36,589
Current income tax	(197,073)	-
Deferred tax (charge)/ credit	(5,718)	5,205
Net profit	373,118	41,794
Proportion of the Company's ownership	50%	50%
Company's share of profit for the period before tax adjustment	186,559	20,897
Tax adjustment (Note 11)	101,396	(2,602)
Company's share of profit for the period	287,955	18,295
Company's share of adjusted profit before interest, tax, depreciation and amortization (EBIDTA)	557,639	312,697

The Company's share of the joint venture's EBIDTA is adjusted to add back loss on disposal of property plant and equipment amounting to QR 13.6 million (2020: QR 6.6 million).

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

Condensed interim financial information for the six-month period ended 30 June 2021

(All amounts expressed in thousands Qatari Riyals unless otherwise stated)

Additional disclosures of the joint venture

	30 June 2021	31 December 2020
As at	QR ('000') (Reviewed)	QR ('000') (Audited)
Cash and bank balances	833,909	663,073
Current financial liabilities (excluding trade and other payables and provisions)	318,329	184,541
Non-current financial liabilities (excluding trade and other payables and provisions)	5,132,280	5,060,401
Depreciation and amortisation	440,455	447,811
Tax payable	228,421	62,775

By virtue of the joint venture agreement, the joint venture benefitted from a tax holiday until the tenth anniversary of commercial operations which expired on 19 September 2020. After the expiry of the tax holiday the joint venture incurs tax in accordance with the Qatar Income Tax Law.

During the period, the joint venture restated the comparative financial information in accordance with IAS 8 -Accounting Policies, Changes in Accounting Estimates and Errors- to account for deferred tax assets as per IAS 12 – Income tax- arising from temporary differences which was previously unrecorded.

The restatement at the joint venture level did not impact the Company due to the Company recording its interest in the joint venture on a pre-tax basis (Note 11).

Capital commitments and contingent liabilities

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

	30 June 2021	31 December 2020
	QR ('000') (Reviewed)	QR ('000') (Audited)
Capital commitments	361,658	87,899
Contingent liabilities		
Letter of credits	36,225	-
Bank guarantees	3,041	50,150

4. CASH AND CASH EQUIVALENTS

	30 June 2021	31 December 2020
As at	QR ('000') (Reviewed)	QR ('000') (Audited)
Cash and cash equivalents	1,095	233,361

4.1 DEPOSITS AND OTHER BANK BALANCES

	30 June 2021	31 December 2020
As at	QR ('000') (Reviewed)	QR ('000') (Audited)
Fixed deposits maturing after 90 days	393,850	174,740
Restricted bank balances – dividends account	59,965	31,558
	453,815	206,298

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

Condensed interim financial information for the six-month period ended 30 June 2021

(All amounts expressed in thousands Qatari Riyals unless otherwise stated)

5. SHARE CAPITAL

As at	30 June 2021 QR ('000') (Reviewed)	31 December 2020 QR ('000') (Audited)
Authorised, issued and fully paid-up: 5,580,120,000 shares of QR 1 each	5,580,120	5,580,120

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.

6. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share (EPS) are calculated by dividing the profit for the period attributable to equity holders of the parent by 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:

	For the six-month period ended 30 June 2021 (Reviewed)	For the six-month period ended 30 June 2020 (Reviewed)
Profit attributable to the equity holders of the company for the period (QR) ('000')	288,491	14,642
Weighted average number of shares outstanding during the period ("in thousands") (Note 5)	5,580,120	5,580,120
Basic and diluted earnings per share (expressed in QR per share)	0.052	0.003

The figures for basic and diluted earnings per share are the same, as the Company has not issued any instruments that would impact the earnings per share when exercised.

7. DIVIDEND

At the Annual General Meeting held on 3 March 2021, the shareholders approved cash dividends of QR 0.035 per share totaling to QR 195.3 million (2020: QR 55.8 million).

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

Condensed interim financial information for the six-month period ended 30 June 2021

(All amounts expressed in thousands Qatari Riyals unless otherwise stated)

8. RELATED PARTIES

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.

Transactions with related party:

Transactions with related party included in the condensed interim statement of income for the period ended are as follows:

	For the six-month period ended 30 June 2021 QR ('000') (Reviewed)	For the six-month period ended 30 June 2020 QR (('000')) (Reviewed)
Service fees to Qatar Petroleum	2,455	2,878

Related party balances:

Balances with related party included in the condensed interim statement of financial position are as follows:

Due to a related party:

<i>As at</i>	Nature of relationship	30 June 2021 QR ('000') (Reviewed)	31 December 2020 QR ('000') (Audited)
Qatar Petroleum	Shareholder	2,477	4,726

Compensation of key management personnel

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

	For the six-month period ended 30 June 2021 QR ('000') (Reviewed)	For the six-month period ended 30 June 2020 QR (('000')) (Reviewed)
Short-term benefits' provision (includes board sitting fees)	1,568	1,650

9. OTHER PAYABLES

<i>As at</i>	30 June 2021 QR ('000') (Reviewed)	31 December 2020 QR ('000') (Audited)
Dividends payable	59,965	31,558
Social & Sport contribution fund payable	-	2,368
Accruals	1,692	3,584
	61,657	37,510

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

Condensed interim financial information for the six-month period ended 30 June 2021

(All amounts expressed in thousands Qatari Riyals unless otherwise stated)

10. LEGAL RESERVE

The Articles of Association of the Company states that prior to recommending any dividend for distribution to the Shareholders, the Board shall ensure proper reserves are established in respect of voluntary and statutory reserves considered by the Board to be necessary or appropriate.

11. INCOME TAX

The Company's profits are exempt from income tax in accordance with the provisions of Qatar's Income Tax Law No. 24. of 2018. However, the Company's joint venture's profits are subject to income tax in accordance with the applicable law in Qatar as stated in its joint venture agreement which is ratified by a Council of Ministers' Resolution No. 38 of 2008.

During 2020, Qatar Petroleum (representing the Company), the Ministry of Finance and the General Tax Authority have reached an agreement through a Memorandum of Understanding ("MOU"). The MOU gives the Company the right to a refund on its portion of tax incurred by the joint venture.

As such, the Company is entitled to the pre-tax profits from the underlying joint venture, therefore, applying the principles of equity accounting under IAS 28 "Investments in Associates and Joint Ventures", the Company accounted for its underlying interest in Qatalum on a pre-tax basis. This resulted in a tax adjustment amounting to QR 124.5 million as of the period ended 30 June 2021.

The Ministry of Finance will then pay QAMCO's share of tax to the General Tax Authority.

12. CRITICAL JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in Note 2, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Classification of the investment as joint venture

Management evaluated the Company's interest in Qatar Aluminium Limited Q.S.C. (Qatalum), and concluded that the joint arrangement is joint venture where Qatalum is jointly controlled. Hence, Management accounted for this investment under the equity method.

Site restoration obligations

As required by IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", the Company assess whether the following criteria is met to recognise provisions:

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

The Company's joint venture may be required under a lease agreement entered into by its joint venture Qatalum, to make payments for site restoration at the option of the ultimate parent (QP). It has been assessed that the optionality given to QP makes it more likely to acquire the plant from the joint venture rather than restoring the site at the cost of the joint venture. Therefore, the criteria to recognise provision for restoration obligation is not fully met and no provision has been recognised in these financial statements.

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

Condensed interim financial information for the six-month period ended 30 June 2021

(All amounts expressed in thousands Qatari Riyals unless otherwise stated)

The Joint Venture Agreement (“JVA”) also requires Qatalum to submit a decommissioning plan to the relevant government authority in Qatar which includes a cost estimate and funding proposal for such plan 10 years prior to conclusion of the JVA. Management has assessed this obligation based on currently available information and concluded that this will not result in a future reduction of QAMCO's investment in the joint venture as at the current reporting date. The requirement of site restoration depends on what is to be agreed in the plan, which will only be available during the last ten years of the joint venture agreement that is from FY 2040 to FY 2050.

Impairment assessment of investment in joint venture

The Company assesses the impairment of non-financial assets, particularly its investment in joint ventures, whenever events or changes in circumstances indicate that the carrying amount of the non-financial asset may not be recoverable.

Factors which could trigger an impairment review include evidence from internal and external sources related to the changes in technological, market, economic or legal environment in which the Company operates and economic performance of the assets.

Based on the assessment performed as of 30 June 2021, no impairment indicators were identified, and therefore a detailed impairment test was not performed.

Income tax position

- Refer to Note 11