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

Financial statements and independent auditor's report for the year ended 31 December 2020

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# *Independent auditor's report to the shareholders of Qatar Aluminium Manufacturing Company Q.P.S.C.*

## *REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS*

### *Our opinion*

In our opinion, the financial statements of Qatar Aluminium Manufacturing Company Q.P.S.C. (the "Company") present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### **What we have audited**

The Company's financial statements comprise:
- the statement of financial position as at 31 December 2020;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

### *Basis for opinion*

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in the State of Qatar. We have fulfilled our other ethical responsibilities in accordance with the IESBA code and ethical requirements of the State of Qatar.

### *Our audit approach*

### **Overview**

| | |
|---|---|
| *Key audit matter* | • *Impairment assessment of investment in a joint venture* |

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

*Key audit matters*

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

| *Key audit matter* | *How our audit addressed the key audit matter* |
|---|---|
| *IMPAIRMENT ASSESSMENT OF INVESTMENT IN A JOINT VENTURE* | |
| The Company's investment in a joint venture amounted to QR 5.4 billion, at 31 December 2020, representing 92% of the Company's total assets at that date. This investment is accounted for using the equity method, because of the Company's joint control of this entity.<br><br>The Company assesses at each reporting date whether there is any objective evidence that an investment accounted for using the equity method is impaired. The decrease in sale prices in the market due to the impact of the spread of COVID-19 virus was a possible indicator that an impairment may exist. Therefore, according to IAS 36 'Impairment of Assets', an impairment review of its investment in the joint venture was performed by management by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount.<br><br>Based on the impairment review, the discounted value of the expected future cash flows from its investment exceeded the carrying value and accordingly no impairment was recognised during the year ended 31 December 2020.<br><br>Management's impairment review involved significant judgements in estimating future cash flows attributable to the Company and the rate at which they are discounted, amongst other estimates. Refer to Note 11 for more details about critical accounting estimates and assumptions used.<br><br>We focused on this area because of the materiality of the investment in the joint venture, and an impairment, if it exists, could have a material impact on the financial statements. We also focused on this area due to the significant judgments and estimates involved in performing the impairment assessment as discussed in Note 11 to the financial statements. | Our procedures in relation to management's impairment review of its investment in the joint venture included:<br><br>• We assessed management's identification of impairment indicators including the conclusions reached. We also evaluated the design and implementation of key controls over the impairment assessment process comprising of identification of impairment indicators and estimation of recoverable amounts;<br><br>• We obtained the Company's impairment assessment and discussed the critical assumptions used with management. The discussions focused on the assumptions used to estimate the future cash flows from the latest Board approved budget of the joint venture, discount rate and terminal growth rate applied;<br><br>• Our internal valuation experts were engaged to assist us in the review of the methodology underlying the value-in-use calculations and to assess the reasonableness of discount rate and terminal growth rate. They independently recalculated the discount rate applied to the cash flows in the model based on their assessment of the Company's specific financing and capital costs;<br><br>• We tested the key inputs used in the determination of the future estimated cash flows to third-party sources and other relevant evidences as appropriate. For example, we compared forecast sales prices to published commodity price indices and future capital expenditure to actual historical capital expenditure levels for reasonableness;<br><br>• We tested the mathematical accuracy and logical integrity of the underlying calculations in the impairment model. We also assessed the adequacy of the disclosures in the financial statements made in relation to the impairment assessment for compliance with accounting standards; and<br><br>• We performed sensitivity analysis over key assumptions in the calculation of the value-in-use in order to assess the potential impact of a range of possible outcomes. |

*Other information*

The Directors are responsible for the other information. The other information comprises the Board of Directors' Report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the complete Annual Report, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the complete Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

*Responsibilities of management and those charged with governance for the financial statements*

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and with the requirements of the Qatar Commercial Companies Law number 11 of 2015, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

*Auditor's responsibilities for the audit of the financial statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

*Auditor's responsibilities for the audit of the financial statements (continued)*

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## *REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS*

Further, as required by the Qatar Commercial Companies Law number 11 of 2015, we report that:

- We have obtained all the information we considered necessary for the purpose of our audit;

- The Company has maintained proper books of account and the financial statements are in agreement there with;

- The financial information included in the Board of Directors' report is in agreement with the books and records of the Company; and

- Nothing has come to our attention, which causes us to believe that the Company has breached any of the provisions of the Qatar Commercial Companies Law number 11 of 2015, or of its Articles of Association, which would materially affect the reported results of its operations or its financial position as at 31 December 2020.

*OTHER MATTER*

The financial statements of the Company for the period from 3 December 2018 to 31 December 2019 were audited by another firm of auditors whose report, dated 12 February 2020, expressed an unmodified opinion on those financial statements.

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
14 February 2021

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*(All amounts expressed in Qatari Riyals ('000') unless otherwise stated)*

## STATEMENT OF FINANCIAL POSITION
**As at 31 December**

| | Notes | 2020 | 2019 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current asset** | | | |
| Investment in a joint venture | 3 | **5,357,147** | 5,646,962 |
| **Current assets** | | | |
| Other receivables | | **530** | 1,833 |
| Bank balances | 4 | **439,659** | 103,300 |
| | | **440,189** | 105,133 |
| **Total assets** | | **5,797,336** | 5,752,095 |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Share capital | 5 | **5,580,120** | 5,580,120 |
| Retained earnings | | **174,980** | 138,433 |
| **Total equity** | | **5,755,100** | 5,718,553 |
| **Liabilities** | | | |
| **Current liabilities** | | | |
| Other payables | 10 | **37,510** | 29,174 |
| Due to a related party | 9 | **4,726** | 4,368 |
| **Total current liabilities** | | **42,236** | 33,542 |
| **Total equity and liabilities** | | **5,797,336** | 5,752,095 |

The financial statements were authorised for issue by the Board of Directors on 14 February 2021, and were signed on its behalf by:

Abdulrahman Ahmad Al-Shaibi
Chairman

Ahmad Saeed Al-Amoodi
Vice Chairman

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FOR IDENTIFICATION PURPOSE ONLY

The notes on pages 10 to 23 are an integral part of these financial statements.
Independent auditor's report is set out on pages 1-5.

*(All amounts expressed in Qatari Riyals ('000') unless otherwise stated)*

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Notes | For the year ended 31 December 2020 | From 3 December 2018 to 31 December 2019 |
|---|---|---|---|
| Share of results from a joint venture | 3 | **101,485** | 85,929 |
| General and administrative expenses | | **(10,539)** | (10,178) |
| Finance income | | **2,478** | 3,817 |
| Other income | | **1,292** | 455 |
| **Net profit for the year/ period** | | **94,716** | 80,023 |
| Other comprehensive income | | **-** | 10,372 |
| **Total comprehensive income for the year/ period** | | **94,716** | 90,395 |
| **Earnings per share** | | | |
| Basic and diluted earnings per share (expressed in QR per share) | 7 | **0.0170** | 0.0143 |



The notes on pages 10 to 23 are an integral part of these financial statements.
Independent auditor's report is set out on pages 1-5.

*(All amounts expressed in Qatari Riyals ('000') unless otherwise stated)*

## STATEMENT OF CHANGES IN EQUITY

| | Share Capital | Retained earnings | Total |
|---|---|---|---|
| Balance at 3 December 2018 (date of incorporation) | - | - | - |
| Capital contribution | 5,580,120 | - | 5,580,120 |
| Share of impact of adopting IFRS 16 of a joint venture | - | 44,600 | 44,600 |
| Assignment of QP's share of profit in Qatalum for the period from 1 July 2018 to 2 December 2018 | - | 117,041 | 117,041 |
| Contribution to Social and Sports Development Fund | - | (2,001) | (2,001) |
| Profit for the period | - | 80,023 | 80,023 |
| Other comprehensive income for the period | - | 10,372 | 10,372 |
| Total comprehensive income for the period | - | 90,395 | 90,395 |
| *Transaction with owners in their capacity as owners:* | | | |
| Dividends approved | - | (111,602) | (111,602) |
| **Balance at 31 December 2019** | 5,580,120 | 138,433 | 5,718,553 |
| **Balance at 1 January 2020** | **5,580,120** | **138,433** | **5,718,553** |
| Contribution to Social and Sports Development Fund | **-** | **(2,368)** | **(2,368)** |
| Profit for the year | **-** | **94,716** | **94,716** |
| Other comprehensive income for the year | **-** | **-** | **-** |
| Total comprehensive income for the year | **-** | **94,716** | **94,716** |
| *Transaction with owners in their capacity as owners:* | | | |
| Dividends approved | **-** | **(55,801)** | **(55,801)** |
| **Balance at 31 December 2020** | **5,580,120** | **174,980** | **5,755,100** |

The notes on pages 10 to 23 are an integral part of these financial statements.

*(All amounts expressed in Qatari Riyals ('000') unless otherwise stated)*

## STATEMENT OF CASH FLOWS

| | Notes | For the year ended 31 December 2020 | From 3 December 2018 to 31 December 2019 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit for the year/period | | **94,716** | 80,023 |
| Adjustments for: | | | |
| Share of profit of a joint venture | 3 | **(101,485)** | (85,929) |
| Finance income | | **(2,478)** | (3,817) |
| **Cash used in operations** | | **(9,247)** | (9,723) |
| Social and sports fund contribution paid | | **(2,001)** | - |
| **Net cash used in operating activities** | | **(11,248)** | (9,723) |
| *Movement in working capital:* | | | |
| Due to a related party | | **358** | 4,368 |
| Other receivables | | **1,303** | - |
| Other payables | | **706** | 2,878 |
| **Net cash flows used in operating activities** | | **(8,881)** | (2,477) |
| **Cash flows from investing activities** | | | |
| Investment in a joint venture | | **-** | (2,734,259) |
| Dividend received from a joint venture | 3 | **391,300** | 191,100 |
| Placement of fixed term deposits | | **(174,740)** | (73,600) |
| Maturity of fixed term deposits | | **73,600** | - |
| Finance income received | | **2,478** | 1,984 |
| **Net cash flows generated from / (used in) investing activities** | | **292,638** | (2,614,775) |
| **Cash flows from financing activities** | | | |
| Proceeds from issue of shares | | **-** | 2,734,259 |
| Dividends paid | | **(48,538)** | (87,307) |
| Movement in unclaimed dividends account | | **(7,263)** | (24,295) |
| **Net cash flows (used in) / generated from financing activities** | | **(55,801)** | 2,622,657 |
| **Net increase in cash and cash equivalents** | | **227,956** | 5,405 |
| Cash and cash equivalents at beginning of the year/ incorporation | | **5,405** | - |
| **Cash and cash equivalents at end of the year/ period** | 4 | **233,361** | 5,405 |

The notes on pages 10 to 23 are an integral part of these financial statements.

## 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 Qatari Public 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 financial statements is as follows:

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

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

The financial statements of the Company for the year ended 31 December 2020 were authorised for issue on 14 February 2021 by the Board of Directors.

## 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) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). The financial statements also comply with the Company Articles of Association and the applicable provisions of Qatar Commercial Companies Law.

The financial statements have been prepared on a historical cost basis, and the accounting policies adopted are consistent with those of the previous financial year.

The 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 otherwise indicated.

The Company commenced its operations on 3 December 2018, and therefore the financial statements present the comparative results of the Company for the period from 3 December 2018 to 31 December 2019 and the financial year ended 31 December 2020. Due to the difference in the length of the fiscal periods, not all information may be meaningfully comparable.

2.2 Use of estimates and judgements

The preparation of 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 financial statements is included in note 11.

(i) New and amended standards adopted by the Company

The Company has applied the following standards and amendments when applicable for the first time for their annual reporting commencing 1 January 2020:

- Definition of Material – amendments to IAS 1 and IAS 8
- Definition of a Business – amendments to IFRS 3
- Interest Rate Benchmark Reform – amendments to IFRS 9, IAS 39 and IFRS 7
- Revised Conceptual Framework for Financial Reporting

(ii) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2020 reporting periods and have not been early adopted by the group. 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.

2.3 Significant accounting policies

2.3.1 Interest in joint venture

The results, assets and liabilities of joint ventures are incorporated in these financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in a joint venture is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the Company's share of the profit or loss of the joint venture.

When the Company's share of losses of a joint venture exceeds the Company's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Company's net investment in the joint venture) the Company discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount.

The Company discontinues the use of the equity method from the date when the investment ceases to be a joint venture, or when the investment is classified as held for sale. When the Company retains an interest in the former joint venture and the retained interest is a financial asset, the Company measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. If a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, then the Company also reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

Unrealised gains and losses resulting from transactions between the Company and the joint venture are eliminated to the extent of the interest in the joint venture.

2.3.2 Current versus non-current classification

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

An asset is current when:

- It is expected to be realised or intended to sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months after the reporting period; or
- It is cash or a 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.

2.3.3 Financial assets

a) Classification and measurement

The Company's management has assessed which business models apply to the financial assets held by the Company and ensured its financial instruments were classified into the appropriate IFRS 9 categories. The Company assessed that other receivables and deposits are debt instruments and meet the conditions for classification at amortised cost (AC) under IFRS 9 since they are cash flows solely payments of principal and interest (SPPI) and the Company's business model is to hold and collect the debt instrument. Cash and cash equivalents' definition as per IAS 7 remains unchanged with the application of IFRS 9, short-term investments and time deposits continued to be presented under cash and cash equivalents, being highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. No reclassification resulted from the implementation of IFRS 9.

b) Impairment of financial assets

The Company has the following financial assets that are subject to IFRS 9's expected credit loss model:

- Cash and cash equivalents
- Other receivables (excluding non-financial assets)
- Deposits and other bank balances

To measure the expected credit losses, other receivables that are measured at amortised cost are grouped based on shared credit risk characteristics and the days past due. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all other receivables. While cash and cash equivalents and fixed deposits are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

2.3.4 Investment and other financial assets

a) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

2.3.5 Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise of bank balances and fixed term deposits with an original maturity of less than three months.

2.3.6 Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in exchange and other gains. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in exchange and other gains. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in exchange and other gains and impairment expenses are presented as separate line item in the statement of profit or loss and other comprehensive income.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within exchange and other gains in the period in which it arises.

As of 31 December 2020, all of the Company's financial assets were classified and measured at amortised cost.

2.3.7 Trade and other payables

Trade and 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 year which are unpaid. Trade and 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.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.3.8 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.3.9 Foreign currency translation

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Nonmonetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except as otherwise stated in the Standards.

2.3.10 Dividend distributions

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 statement of changes in equity, with any unpaid amount is presented under other payables in the statement of financial position.

2.3.11 Social and Sports Fund Contribution

Pursuant to the Qatar Law No. 13 of 2008 and the related clarifications issued in 2011, which is applicable for all Qatari listed shareholding companies with publicly traded shares, the Company has made an appropriation of 2.5% of its net profit to a state social fund.

2.3.12 Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the effect of any dilutive potential ordinary shares.

2.3.13 Non-financial assets

Non-financial assets are initially measured at cost, which equates to fair value at inception, and subsequently measured at amortised cost, less provision for impairment.

## 3. INVESTMENT IN A JOINT VENTURE

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

| For the year/ period ended | **31 December 2020** | 31 December 2019 |
|---|---|---|
| Balance at beginning of the year/ period | **5,646,962** | - |
| Acquisition of interest in the joint venture | **-** | 5,587,961 |
| Share of profit after tax from the joint venture | **70,099** | 85,929 |
| Tax benefit from the joint venture (Note 15) | **31,386** | - |
| Company's share of other comprehensive income items of the joint Venture | **-** | 10,372 |
| Dividends received from the joint venture | **(391,300)** | (81,900) |
| Share of impact of adopting IFRS 16 of the joint venture | **-** | 44,600 |
| At 31 December | **5,357,147** | 5,646,962 |

The below financial statements present amounts shown in the financial statements of the joint venture as of 31 December 2020, which are presented in US$'000 and are translated using an exchange rate of 3.64 (2019: 3.64):

Statement of financial position of the joint venture (Qatalum)

| As at 31 December | **2020** | 2019 |
|---|---|---|
| Current assets | **2,336,640** | 2,859,922 |
| Non-current assets | **12,315,234** | 12,957,689 |
| Current liabilities | **(512,705)** | (1,345,894) |
| Non-current liabilities | **(5,134,868)** | (4,825,013) |
| **Equity** | **9,004,301** | 9,646,704 |
| Company's share in equity - 50% | **4,502,151** | 4,823,352 |
| Tax benefit from joint venture (Note 15) | **31,386** | - |
| Goodwill on acquisition | **823,610** | 823,610 |
| **Company's carrying amount of the investment** | **5,357,147** | 5,646,962 |

*(All amounts expressed in Qatari Riyals ('000') unless otherwise stated)*

Statement of profit or loss and comprehensive income of the joint venture (Qatalum)

| | **For the year ended 31 December 2020** | From 3 December 2018 to 31 December 2019 |
|---|---|---|
| Revenue from contracts with customers | **4,394,474** | 5,338,937 |
| Other income | **14,309** | 50,483 |
| **Total income** | **4,408,783** | 5,389,420 |
| Raw material and energy consumption | **(2,279,776)** | (2,973,767) |
| Salaries and related costs | **(389,298)** | (449,798) |
| Depreciation and amortisation | **(893,391)** | (987,790) |
| Loss on disposal of property plant and equipment | **(30,649)** | (59,525) |
| Technical service cost | **(47,709)** | (62,398) |
| Net finance cost | **(207,738)** | (249,023) |
| Other expenses | **(357,252)** | (435,260) |
| **Profit before tax** | **202,970** | 171,859 |
| Current income tax | **(62,772)** | - |
| **Net profit** | **140,198** | 171,859 |
| Proportion of the Company's (QAMCO) ownership | **50%** | 50% |
| **Company's share of profit for the year/ period in the joint venture before tax benefit** | **70,099** | 85,929 |
| **Tax benefit from the joint venture (Note 15)** | **31,386** | - |
| **Company's share of profit for the year/ period in the joint venture** | **101,485** | 85,929 |
| **Other comprehensive income** | | |
| *Items to be reclassified to profit or loss in subsequent periods:* | | |
| Net gain on cash flow hedges | **-** | 20,744 |
| Proportion of the Company's ownership | **50%** | 50% |
| **Company's share of other comprehensive income for the year/ period in the joint venture** | **-** | 10,372 |
| **Company's share of profit before interest, tax, depreciation and amortisation** | **652,050** | 704,336 |

*Additional disclosures of the joint venture*

| As at 31 December | **2020** | 2019 |
|---|---|---|
| Cash and bank balances | **663,073** | 993,203 |
| Current financial liabilities (excluding trade and other payables and provisions) | **133,209** | 897,715 |
| Non-current financial liabilities (excluding trade and other payables and provisions) | **5,053,801** | 4,737,780 |
| Depreciation and amortisation | **893,391** | 903,688 |
| Tax payable | **62,772** | - |

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.

*(All amounts expressed in Qatari Riyals ('000') unless otherwise stated)*

Capital commitments and contingent liabilities

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

| As at 31 December | **2020** | 2019 |
|---|---|---|
| **Capital commitments** | **87,899** | 128,361 |
| **Contingent liabilities** | | |
| Letter of credits | **-** | 273,000 |
| Bank guarantees | **50,150** | 48,652 |

## 4. Bank balances

| As at 31 December | **2020** | 2019 |
|---|---|---|
| Bank balances | **439,659** | 103,300 |
| Less: Fixed deposits maturing after 90 days | **(174,740)** | (73,600) |
| Less: Restricted bank balances on unclaimed dividend call accounts | **(31,558)** | (24,295) |
| Cash and cash equivalents | **233,361** | 5,405 |

## 5. Share capital

| As at 31 December | **2020** | 2019 |
|---|---|---|
| *Authorised, issued and fully paid-up:* | | |
| *5,580,120,000 shares of QR 1 each* | **5,580,120** | 5,580,120 |

QP transferred its entire equity interest in Qatar Aluminium Limited Q.S.C. ("Qatalum"), to QAMCO based on an Instrument of Transfer of Shares dated 3 December 2018 at an agreed amount of QAR 5,580,120,000. The consideration for the transfer of shares was the allotment and issuance of shares ("swap shares") by QAMCO to QP including (a) 284,586,119 Ordinary Shares and 1 Special Share (representing 51% of the total issued share capital of QAMCO) at a price of QR 10 per share and (b) the balance was settled from the proceeds of the initial public offering of 49% shares of QAMCO to the public.

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. 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.

## 7. Basic and diluted earnings per share

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

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

| | **For the year ended 31 December 2020** | From 3 December 2018 to 31 December 2019 |
|---|---|---|
| Profit attributable to the equity holders of the company for the year (QR) ('000') | **94,716** | 80,023 |
| Weighted average number of shares outstanding during the year ("in thousands") (Note 5) | **5,580,120** | 5,580,120 |
| Basic and diluted earnings per share (expressed in QR per share) | **0.0170** | 0.0143 |

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.

## 8. DIVIDEND

At the Annual General Meeting held on 8 March 2020, the shareholders approved cash dividends of QR 0.01 per share totaling to QR 55,801 distributed to the shareholders as final dividend for 2019 (2019 – Interim dividend: QR 111,602).

## 9. 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 statement of profit or loss and other comprehensive income for the year/ period ended are as follows:

| | **For the year ended 31 December 2020** | From 3 December 2018 to 31 December 2019 |
|---|---|---|
| Service fees to Qatar Petroleum | **4,676** | 3,607 |

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

Due to a related party:

| *As at* | **Nature of relationship** | **31 December 2020** | 31 December 2019 |
|---|---|---|---|
| Qatar Petroleum | Shareholder | **4,726** | 4,368 |

Compensation of key management personnel:

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

*(All amounts expressed in Qatari Riyals ('000') unless otherwise stated)*

| | For the Year ended 31 December 2020 | From 3 December 2018 to 31 December 2019 |
|---|---|---|
| Short-term benefits' provision (includes board sitting fees) | **3,300** | 1,912 |

## 10. OTHER PAYABLES

| As at 31 December | 2020 | 2019 |
|---|---|---|
| Dividends payable | **31,558** | 24,295 |
| Social contribution payable | **2,368** | 2,001 |
| Accruals | **3,584** | 2,878 |
| | **37,510** | 29,174 |

## 11. 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 Aluminum 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.

**Impairment of investment in a 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. Due to the economic downturn caused by the spread of novel coronavirus (Covid-19), management has performed an impairment test as at 31 December 2020. Impairment testing is an area involving management judgment, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate. In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters, including management's expectations of:

- growth in earnings before interest, tax, depreciation and amortisation ("EBITDA"), calculated as adjusted operating profit before depreciation and amortisation which includes a forecast of commodity prices and raw material purchases;
- timing and quantum of future capital expenditure;
- long term growth; and
- the selection of discount rates to reflect the risks involved.

As of the year ended 31 December 2020, the Company did not recognise any losses due to impairment in its joint venture as the impairment testing showed headroom of net present value of cash flows compared to the carrying amount.

**Coronavirus (COVID-19) pandemic**

The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of the financial statements.

Management has developed various accounting estimates in the financial statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31 December 2020 about future events that the management believes are reasonable in the circumstances.

The underlying assumptions to arrive at those estimates are subject to uncertainties which are often outside the control of the Company. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may impact accounting estimates included in the financial information. The significant accounting estimates impacted by these forecasts and associated uncertainties are predominantly related to investment in joint venture.

**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.

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.

## 12. SEGMENT INFORMATION

For management purposes, the Company is organised into business units based on their products and services, and has one reportable operating segment which is the aluminium segment from its interest in the joint venture, which produces and sells aluminium products produced by the smelter located in Mesaieed.

Geographically, the Company only operates in the State of Qatar.

## 13. FINANCIAL RISK MANAGEMENT

The Company's principal financial liabilities comprise other payables and due to a related party. The Company has various financial assets, namely, other receivables and bank balances, which arise directly from its operations.

The main risks arising from the Company's financial instruments are interest rate risk, credit risk, liquidity risk and foreign currency risk. The management reviews and agrees policies for managing each of these risks which are summarised below:

*(All amounts expressed in Qatari Riyals ('000') unless otherwise stated)*

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

### 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. The Company's exposure to credit risk is as indicated by the carrying amount of its financial assets which consist principally of other receivables and bank balances, as follows:

| As at 31 December | 2020 | 2019 |
|---|---|---|
| Other receivables | **530** | 1,833 |
| Bank balances | **439,659** | 103,300 |
| | **440,189** | 105,133 |

The tables below show the distribution of bank balances at the date on which the financial statements are issued:

| Rating as at 31 December | 2020 | 2019 |
|---|---|---|
| A1 | **15,026** | 73,600 |
| A2 | **13,476** | 3,061 |
| A3 | **182,048** | - |
| Aa3 | **229,109** | 26,639 |
| | **439,659** | 103,300 |

### Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet financial obligations as they fall due. The Company's approach to managing liquidity risk is 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 and is to maintain a balance between continuity of funding and flexibility through the use of bank facilities. All financial liabilities will mature within 12 months from the end of the reporting period.

### Capital management

The Company manages its capital structure and makes adjustments to it, in light of changes in economic and business conditions and shareholders' expectation. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders or issue new shares. Capital comprises share capital and retained earnings and is measured at QR 5.76 billion (2019: QR 5.72 billion).

## 14. FAIR VALUES OF FINANCIAL INSTRUMENTS

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Bank balances, interest receivable, trade and other payables, and amount due to a related party approximate their carrying amounts largely due to the short-term maturities of these instruments.

*(All amounts expressed in Qatari Riyals ('000') unless otherwise stated)*

## 15. 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.

Furthermore, the Company's joint venture benefited from a tax holiday period which expired on 19 September 2020. Post expiry, the joint venture's profits were 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 (hereby referred to as the "MOU"). The MOU gives the Company the right to a refund on its portion of tax from the joint venture, which amounted to QR 31.4 million in 2020. 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 on a pre-tax basis. The Ministry of Finance will then pay QAMCO's share of tax to the General Tax Authority.

## 16. COST METHOD

The Company's statement of financial position and statement of profit or loss and other comprehensive income prepared using the cost method is presented below to only assist the Company in its reporting to the Qatar Financial Markets Authority.

Statement of financial position

| **As at 31 December** | **2020** | 2019 |
|---|---|---|
| **Non-current asset** | | |
| Investment in a joint venture | **5,697,161** | 5,697,161 |
| **Total** | **5,697,161** | 5,697,161 |
| **Current assets** | | |
| Other receivables | **530** | 1,833 |
| Bank balances | **439,659** | 103,300 |
| **Total current assets** | **440,189** | 105,133 |
| **Total assets** | **6,137,350** | 5,802,294 |

| **As at 31 December** | **2020** | 2019 |
|---|---|---|
| **Equity and liabilities** | | |
| **Equity** | | |
| Share capital | **5,580,120** | 5,580,120 |
| Retained earnings | **514,994** | 188,632 |
| **Total equity** | **6,095,114** | 5,768,752 |
| **Liabilities** | | |
| **Current liabilities** | | |
| Other payables | **37,510** | 29,174 |
| Due to a related party | **4,726** | 4,368 |
| **Total liabilities** | **42,236** | 33,542 |
| **Total equity and liabilities** | **6,137,350** | 5,802,294 |

*(All amounts expressed in Qatari Riyals ('000') unless otherwise stated)*

Statement of profit or loss and other comprehensive income

| | **For the year ended 31 December 2020** | From 3 December 2018 to 31 December 2019 |
|---|---|---|
| Income from joint venture | **391,300** | 81,900 |
| General and administrative expenses | **(10,539)** | (10,178) |
| Finance income | **2,478** | 3,817 |
| Other income | **1,292** | 455 |
| **Net profit for the year/ period** | **384,531** | 75,994 |
| Other comprehensive income | **-** | - |
| **Total comprehensive income for the year/period** | **384,531** | 75,994 |