

**QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)
DOHA - QATAR**

**INTERIM CONDENSED
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S
REVIEW REPORT
FOR THE SIX MONTH PERIOD ENDED
JUNE 30, 2017**

QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

INTERIM CONDENSED FINANCIAL STATEMENTS

For the six month period ended June 30, 2017

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RN: 000128/MMS/FY2018

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Shareholders
Qatar National Cement Company (Q.P.S.C.)
Doha – Qatar

Introduction

We have reviewed the accompanying interim condensed statement of financial position of Qatar National Cement Company (Q.P.S.C.) (the "Company"), as at June 30, 2017, and the related interim condensed statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended and certain explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". 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 the 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.

INDEPENDENT AUDITOR'S REVIEW REPORT (CONTINUED)

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 International Accounting Standard 34 "Interim Financial Reporting".

Emphasis of matter

Without qualifying our conclusion and as further explained in Note 4 (a) to the interim condensed financial statements, the license to use the land on which quarries, plants and housing are situated has expired in 2015. The Company is currently in the process of getting this license renewed.

Doha – Qatar
July 20, 2017

For Deloitte & Touche
Qatar Branch



Mihhat Salha
Partner

License No. 257

QFMA Auditor License No. 120156

QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION

As at June 30, 2017

	Notes	June 30, 2017 (Reviewed) QR'000	December 31, 2016 (Audited) QR'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	2,209,613	2,147,483
Investment properties	5	5,786	6,027
Intangible assets	6	--	2
Advances for construction of plant	7	25,821	45,765
Investment in associates	8	49,437	52,247
Available-for-sale financial assets	9	103,911	158,007
Total non-current assets		2,394,568	2,409,531
Current assets			
Inventories	10	314,504	397,704
Accounts receivables and other debit balances	11	266,435	209,219
Cash and bank balances		765,327	693,144
Total current assets		1,346,266	1,300,067
TOTAL ASSETS		3,740,834	3,709,598
EQUITY AND LIABILITIES			
Equity			
Share capital	14	653,529	594,118
Legal reserve		297,059	297,059
Development reserve	15	--	406,589
Fair value reserve of available-for-sale financial assets		14,447	49,715
Share of fair value reserves of associates		8,512	7,192
Retained earnings		2,010,211	1,732,583
Total equity		2,983,758	3,087,256
Non-current liabilities			
Employees' end of service benefits		16,480	16,334
Other liabilities	12	49,312	61,712
Borrowings	13	327,735	182,075
Total non-current liabilities		393,527	260,121
Current liabilities			
Accounts payable and other credit balances		233,347	226,292
Other liabilities	12	130,202	135,929
Total current liabilities		363,549	362,221
Total liabilities		757,076	622,342
TOTAL EQUITY AND LIABILITIES		3,740,834	3,709,598


H.E. Salem Bin Butti Al-Naimi
 Chairman and Managing Director


Mr. Mohammed Ali Al Sulaiti
 General Manager

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

QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS

For the six month period ended June 30, 2017

	Notes	Six month period ended June 30,	
		2017	2016
		(Reviewed)	(Reviewed)
		QR'000	QR'000
Revenue		556,749	584,944
Cost of sales		(386,465)	(348,800)
Gross profit		170,284	236,144
Other income	16	23,909	26,473
Selling and distribution expenses		(3,718)	(3,266)
General and administrative expenses		(19,581)	(13,335)
Share of (loss) / profit from associates		(2,797)	5,680
Profit for the period		168,097	251,696
Earnings per share			
Basic and diluted earnings per share (QR.)	17	2.57	3.85

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

QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six month period ended June 30, 2017

	Note	Six month period ended June 30,	
		2017	2016
		(Reviewed)	(Reviewed)
		QR'000	QR'000
Profit for the period		168,097	251,696
Other comprehensive income			
Items that may be reclassified subsequently to statement of profit or loss			
Net changes in fair value of available-for-sale financial assets	9	(35,268)	(2,287)
Net changes in associates' share of fair value reserves		1,320	(3,000)
Other comprehensive loss for the period		(33,948)	(5,287)
Total comprehensive income for the period		134,149	246,409

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

QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY

For the six month period ended June 30, 2017

	Share capital QR'000	Legal reserve QR'000	Development reserve QR'000	Cumulative changes in fair value reserve related to			Retained earnings QR'000	Total QR'000
				Available for sale QR'000	Investment in associates QR'000			
Balance at January 1, 2016 (Audited)	540,107	270,053	406,589	50,736	10,981	1,566,418	2,844,884	
Profit for the period	--	--	--	--	--	251,696	251,696	
Other comprehensive income for the period	--	--	--	(2,287)	(3,000)	--	(5,287)	
Issuance of bonus shares (Note 14)	54,011	--	--	--	--	(54,011)	--	
Dividends distribution (Note 18)	--	--	--	--	--	(216,043)	(216,043)	
Balance at June 30, 2016 (Reviewed)	594,118	270,053	406,589	48,449	7,981	1,548,060	2,875,250	
Balance at January 1, 2017 (Audited)	594,118	297,059	406,589	49,715	7,192	1,732,583	3,087,256	
Profit for the period	--	--	--	--	--	168,097	168,097	
Other comprehensive income for the period	--	--	--	(35,268)	1,320	--	(33,948)	
Issuance of bonus shares (Note 14)	59,411	--	--	--	--	(59,411)	--	
Transfer of development reserve (Note 15)	--	--	(406,589)	--	--	406,589	--	
Dividends distribution (Note 18)	--	--	--	--	--	(237,647)	(237,647)	
Balance at June 30, 2017 (Reviewed)	653,529	297,059	--	14,447	8,512	2,010,211	2,983,758	

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

QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the six month period ended June 30, 2017

	Six month period ended	
	June 30,	
	2017	2016
	(Reviewed)	(Reviewed)
	QR'000	QR'000
OPERATING ACTIVITIES		
Profit for the period	168,097	251,696
Adjustments for:		
Depreciation and amortization	71,062	73,906
Dividend income	(6,705)	(7,986)
Interest income	(10,583)	(3,255)
Discounting income on long term payables	--	(7,032)
Foreign exchange loss	4,897	--
Provision for obsolete and slow moving inventories	(38)	--
Gain on sale of property, plant and equipment	(187)	--
Gain on sale of available-for-sale financial assets	(1,142)	--
Share of loss/(profit) from associates	2,797	(5,680)
Provision for employees' end of service benefits	811	1,149
	<u>229,009</u>	<u>302,798</u>
Working capital changes:		
Inventories	83,238	(39,859)
Accounts receivables and other debit balances	(57,216)	2,953
Accounts, other credit balances and other liabilities	(15,969)	(21,199)
Cash from operations	<u>239,062</u>	<u>244,693</u>
Employees' end of service benefits paid	(665)	(864)
Net cash from operating activities	<u>238,397</u>	<u>243,829</u>
INVESTING ACTIVITIES		
Additions in property, plant and equipment, net of advance payment	(113,234)	(205,862)
Additions to available-for-sale financial assets	(4,202)	--
Proceeds from sale of property, plant and equipment	416	--
Proceeds from sale of available-for-sale financial assets	24,172	--
Dividend income received	6,705	7,986
Dividend income from associates	1,333	3,600
Interest income received	10,583	3,255
Net cash used in investing activities	<u>(74,227)</u>	<u>(191,021)</u>
FINANCING ACTIVITIES		
Proceeds from borrowings	145,660	--
Dividend distribution	(237,647)	(216,043)
Net cash used in financing activities	<u>(91,987)</u>	<u>(216,043)</u>
Net increase/(decrease) in cash and cash equivalents	72,183	(163,235)
Cash and cash equivalents at the beginning of the period	<u>693,144</u>	<u>438,396</u>
Cash and cash equivalents at the end of the period	<u>765,327</u>	<u>275,161</u>

Non-cash transactions:

On March 1, 2017, the Company declared 10% bonus shares amounting to QR. 59,411 thousand (5,941 thousand shares at QR 10 each) (2016: 10% bonus shares amounting to QR. 54,011 thousand (5,401 thousand shares at QR 10 each).

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

QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six month period ended June 30, 2017

1. CORPORATE INFORMATION

Qatar National Cement Company (Q.P.S.C.) (the “Company”) was incorporated in the State of Qatar as a Qatari Public Shareholding Company, under the Emiri Decree No. 7 of 1965 with Commercial Registration No. 25. The Company’s head office is located in Doha, State of Qatar.

The Company is primarily engaged in the production and sale of cement, washed sand and lime at its plants located in Umm Bab and Al Rakiya in the State of Qatar. The sand plant is registered as a branch which is an integral part of these financial statements.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The interim condensed financial statements of the Company are prepared in accordance with International Accounting Standard (“IAS”) 34, Interim Financial Reporting and in conformity with Qatar Commercial Companies Law, and have been presented in Qatari Riyals, which is the Company’s functional and presentation currency.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2016. In addition, results for the six months’ period ended June 30, 2017 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2017.

The accounting policies used in the preparation of these interim condensed financial statements are consistent with those used in the preparation of the annual financial statements for the year ended December 31, 2016, and the notes attached thereto, except for certain new and revised standards and interpretations, that became effective in the current period. Some of these new and revised Standards and Interpretations are only changes in terminology, and some are substantive but have had no material effect on the reported results or financial position of the Company.

2.1 New and revised IFRS that are mandatorily effective

Effective for annual periods beginning on or after January 1, 2017

- IAS 7 (Revised) *Amendments to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities*
- IAS 12 (Revised) *Amendments relating to the recognition of deferred tax assets for unrealised losses*
- Annual Improvements 2014-2016 Cycle *Amendments to IFRS 12*

The adoption of the above did not result in any changes to previously reported net profit or equity of the Company.

QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six month period ended June 30, 2017

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 New standards, amendments and interpretations issued but not yet effective

The below mentioned standards are not yet effective. The Company is currently evaluating the impact of these new standards. The Company will adopt these new standards on the respective effective dates.

Effective for annual periods beginning on or after 1 January 2018

- IFRS 2 (Revised) *Amendments regarding classification and measurement of share based payment transactions*
- IFRS 7 (Revised) *Amendments relating to disclosures about the initial application of IFRS 9*
- IFRS 9 *Financial Instruments*
- IFRS 15 *Revenue from Contracts with Customers*
- IAS 40 (Revised) *Investment Property – Amendments to paragraph 57*
- Annual Improvements 2014-2016 Cycle *Amendments to IFRS 1 and IAS 28*
- IFRIC 22 *Foreign Currency Transactions and Advance Consideration*

Effective for annual periods beginning on or after 1 January 2019

- IFRS 16 *Leases*

3. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, the directors are 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 recognized 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.

The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements for the year ended December 31, 2016.

QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six month period ended June 30, 2017

4. PROPERTY, PLANT AND EQUIPMENT

The movements during the period/year were as follows:

	Six month period ended June 30, 2017 (Reviewed) (QR '000)	Year ended December 31, 2016 (Audited) (QR '000)
Cost		
Balance at beginning of the period/year	4,001,148	3,696,440
Additions during the period/year	133,178	304,708
Disposals during the period/year	(934)	--
Balance at end of the period/year	4,133,392	4,001,148
Accumulated Depreciation		
Balance at beginning of the period/year	1,853,665	1,703,073
Depreciation charge for the period/year	70,819	147,078
Related to disposals during the period/year	(705)	--
Impairment the period/year	--	3,514
Balance at end of the period/year	1,923,779	1,853,665
Net book value at end of the period/year	2,209,613	2,147,483

- a) The license to use the land on which quarries, plants and housing are situated has expired in 2015. The Company is currently in the process of getting this license renewed.
- b) The Company has closed the operations of Cement Plant 1 in Umm Bab with effect from May 31, 2016. At December 31, 2016, as result of the closure of the plant, the Company carried out a review of the recoverable amount of the plant and related assets, mainly capital spares. The impairment review led the recognition of an impairment loss of QR 3.5 million in 2016.

The Company's management has not identified additional impairment as at June 30, 2017

QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
For the six month period ended June 30, 2017

5. INVESTMENT PROPERTIES

The movement during the period/year were as follows:

	Six month period ended June 30, 2017 (Reviewed) (QR '000)	Year ended December 31, 2016 (Audited) (QR '000)
Cost		
Balance at beginning of the period/year	42,557	42,557
Balance at end of the period/year	42,557	42,557
Accumulated Depreciation		
Balance at beginning of the period/year	36,530	36,043
Depreciation charge for the period/year	241	487
Balance at end of the period/year	36,771	36,530
Net book value at end of the period/year	5,786	6,027

- a) The interim condensed statement of profit or loss includes a sum of QR. 3.45 million as rental income from investment properties for the six-month period ended June 30, 2017 (June 30, 2016: QR. 3.41 million).
- b) Investment properties were appraised by an accredited independent valuer at a fair value of QR 292 million as of December 31, 2016 (2015: QR. 336 million). Management is of the opinion that the fair value of the investment properties as of June 30, 2017 is not materially different from December 31, 2016.

6. INTANGIBLE ASSETS

The movements during the period/year were as follows:

	Six month period ended June 30, 2017 (Reviewed) (QR '000)	Year ended December 31, 2016 (Audited) (QR '000)
Cost		
Balance at beginning of the period/year	5,872	5,872
Balance at end of the period/year	5,872	5,872
Accumulated Amortization		
Balance at beginning of the period/year	5,870	5,333
Amortization charge for the period/year	2	537
Balance at end of the period/year	5,872	5,870
Net book value at end of the period/year	--	2

- a) Intangible assets represent the cost of software development - SAP ERP, which was completed and implemented in 2013. The software development cost is amortized on straight line basis over the estimated useful life of three years.

QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six month period ended June 30, 2017

7. ADVANCES FOR CONSTRUCTION OF PLANT

The advances for capital nature assets are as follows:

	June 30, 2017 (Reviewed) (QR '000)	December 31, 2016 (Audited) (QR '000)
Construction of Plant 5	23,472	43,416
Supply of slip ring / induction motors	2,055	2,055
Construction of new sub-station for Plant 5	292	292
Other advances	2	2
	<u>25,821</u>	<u>45,765</u>

8. INVESTMENT IN ASSOCIATES

	Ownership 2017	Country of Incorporation	June 30, 2017 (Reviewed) (QR '000)	December 31, 2016 (Audited) (QR '000)
Qatar Saudi Gypsum Industries Co. (W.L.L.)	33.33%	Qatar	27,436	26,971
Qatar Quarries & Building Materials Co. (P.Q.S.C.)	20.00%	Qatar	22,001	25,276
			<u>49,437</u>	<u>52,247</u>

The share from associates are based on the latest available financial statements as of December 31, 2016.

The movements during the period/year were as follows:

	Six month period ended June 30, 2017 (Reviewed) (QR '000)	Year ended Dec. 31, 2016 (Audited) (QR '000)
Balance at beginning of the period/year	52,247	52,947
Share of (loss)/profit from associates	(2,797)	6,689
Receipt of dividends	(1,333)	(3,600)
Net changes in fair value reserves	1,320	(3,789)
Balance at end of the period/year	<u>49,437</u>	<u>52,247</u>

QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six month period ended June 30, 2017

9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

The available-for-sale financial assets comprise investments in shares of companies listed on Qatar Exchange. The fair value of the quoted equity shares is determined by reference to published price quotations in Qatar Exchange.

All these investments are considered as level – 1 fair value investments in the fair value hierarchy and there is no change in the fair value hierarchy from December 31, 2016.

The movements during the period/year were as follows:

	Six month period ended June 30, 2017 (Reviewed) (QR '000)	Year ended December 31, 2016 (Audited) (QR '000)
Balance at beginning of the period/year	158,007	159,028
Cost of investments purchased	4,202	--
Gain on sale of investments reclassified to profit or loss	1,142	--
Proceeds from sale of investments	(24,172)	--
Fair value loss included in other comprehensive income	(35,268)	(1,021)
Balance at end of the period/year	103,911	158,007

10. INVENTORIES

Inventories consist of the following:

	June 30, 2017 (Reviewed) (QR '000)	December 31, 2016 (Audited) (QR '000)
Raw materials	112,568	133,938
Work in progress	83,969	137,017
Finished goods	15,756	21,287
Spare parts	106,756	117,211
Fuel, oil and lubricants	1,932	2,253
Other miscellaneous stocks	2,921	3,329
	323,902	415,035
Provision for obsolete and slow moving inventories	(19,135)	(19,173)
	304,767	395,862
Goods in transit	9,737	1,842
	314,504	397,704

QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six month period ended June 30, 2017

11. ACCOUNTS RECEIVABLES AND OTHER DEBIT BALANCES

	June 30, 2017 (Reviewed) (QR '000)	December 31, 2016 (Audited) (QR '000)
Accounts receivable	224,334	188,484
Provision for doubtful debts	(1,986)	(1,986)
	<u>222,348</u>	<u>186,498</u>
Advances to suppliers and others	32,666	12,560
Prepayments and other receivables	11,421	10,161
	<u>266,435</u>	<u>209,219</u>

12. OTHER LIABILITIES

	June 30, 2017 (Reviewed) (QR. '000)	December 31, 2016 (Audited) (QR. '000)
Claims payable to Qatar Petroleum	75,756	88,156
Payable to contractors	103,758	109,485
	<u>179,514</u>	<u>197,641</u>
Less: Net long term payables		
Claims payable to Qatar Petroleum	49,312	61,712
Net short term payables	<u>130,202</u>	<u>135,929</u>
Long term payables, gross	52,866	66,083
Less: Discounting effect on long term payables	(3,554)	(4,371)
Net long term payables	<u>49,312</u>	<u>61,712</u>

13. BORROWINGS

On July 31, 2016, the Company entered into an agreement with a commercial bank to avail a dollar term loan facility (unsecured) in an aggregate amount of USD 100,000 thousand. As per terms of the agreement, the facility shall be utilised to finance the construction of new Cement Plant 5. As at interim reporting date, the Company has utilised USD 90,000 thousand (QR. 327,735 thousand) (December 31, 2016: The Company has utilised USD 50,000 thousand (QR. 182,075 thousand)). The agreed interest rate of the facility is LIBOR + 1.30%.

QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six month period ended June 30, 2017

14. SHARE CAPITAL

	June 30, 2017 (Reviewed)	December 31, 2016 (Audited)
Authorised, issued and fully paid:		
Share capital (QR'000)	<u>653,529</u>	<u>594,118</u>
No. of shares at QR. 10 nominal value ('000 shares)	<u>65,353</u>	<u>59,411</u>

On March 1, 2017, the Company declared and issued 10% bonus shares amounting to QR. 59,411 thousand (5,941 thousand shares at QR 10 each) (2016: 10% bonus share amounting to QR. 54,011 thousand (5,401 thousand shares at QR 10 each)).

15. DEVELOPMENT RESERVE

Development reserves amounting to QR 407 million as at December 31, 2016 represent reserve created in the past by transferring amounts from retained earnings.

At the Annual General Meeting held on March 1, 2017, the shareholders approved to reverse the reserve by transferring QR 407 million from development reserve to retained earnings.

16. OTHER INCOME

	Six month period ended June 30, 2017 (Reviewed) (QR '000)	Six month period ended June 30, 2016 (Reviewed) (QR '000)
Discounting income on long term payables	--	7,032
Dividend income	6,705	7,986
Interest income	10,583	3,255
Rental income	3,451	3,409
Transportation income	937	2,527
Gain on foreign currency exchange rate	373	522
Income from sale of property, plant and equipment	187	--
Gain from sale of available-for-sale investments	1,142	--
Others	531	1,742
	<u>23,909</u>	<u>26,473</u>

QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six month period ended June 30, 2017

17. EARNINGS PER SHARE

a) Basic Earnings Per Share

The basic earnings per share is computed by dividing the profit for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period as follows:

	Six month period ended June 30, 2017 (Reviewed)	Six month period ended June 30, 2016 (Reviewed)
Profit attributable to ordinary shareholders of the Company (QR. '000)	<u>168,097</u>	<u>251,696</u>
Weighted average number of ordinary shares outstanding ('000 shares) (2016: Restated as a result of bonus shares - Note 14)	<u>65,353</u>	<u>65,353</u>
Basic earnings per share (2016: Restated as a result of bonus shares - Note 14)	<u>2.57</u>	<u>3.85</u>

On March 1, 2017 the Company issued bonus shares equivalent to 10% of outstanding ordinary shares as at December 31, 2016 (Note 14). The issuance of these bonus shares resulted into the restatement of basic and diluted earnings per share as of June 30, 2016.

b) Diluted Earnings Per Share

No separate diluted earnings per share were calculated since the diluted earnings per share were equal to the basic earnings per share.

18. DIVIDENDS

The shareholders in their Annual General Assembly held on March 1, 2017 resolved to distribute a cash dividend of 40% and bonus shares of 10% of the paid-up capital amounting to QR. 237,647 thousand and QR. 59,411 thousand, respectively, relating to the year ended December 31, 2016 (December 31, 2015: cash dividend of 40% of the paid up capital aggregating QR. 216,043 thousand and bonus shares of 10% of the paid-up capital which amounted to QR. 54,011 thousand).

19. RELATED PARTY TRANSACTIONS

a) Transactions with Government of Qatar and its entities

The Government of Qatar holds 43% of the Company's share capital. In the normal course of business, the Company supplies its commodities to various Government and semi Government agencies and companies in the State of Qatar. The Company also avails of various services from Government and semi Government agencies and companies in the State of Qatar.

The rental income includes a sum of QR. 2.5 million for the six month period ended June 30, 2017 (June 30, 2016: QR. 2.5 million) from the Government of Qatar.

QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six month period ended June 30, 2017

19. RELATED PARTY TRANSACTIONS (CONTINUED)

b) Transactions with key management personnel

Key management personnel comprise the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the entity.

During the period ended June 30, 2017, the Company has paid a sum of QR. 1.69 million (June 30, 2016: QR. 1.68 million) to members of the Committees of the Board of Directors and salaries and benefits paid to key members of management amounted to QR. 3.27 million (June 30, 2016: QR. 3.24 million).

20. COMMITMENTS AND CONTINGENCIES

The following summarizes the significant contractual commitments and contingencies:

	June 30, 2017 (Reviewed) (QR '000)	Dec. 31, 2016 (Audited) (QR '000)
Capital commitments	<u>4,969</u>	<u>6,303</u>
Contingencies - Letters of credit	<u>134,038</u>	<u>231,232</u>

Letters of credit mainly includes commitments related to the construction of Plant 5 at Umm Bab – State of Qatar.

21. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the annual financial statements for the year ended December 31, 2016.

22. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying value of financial assets and liabilities recognised in the financial statements are appropriate to their fair values.

QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

For the six month period ended June 30, 2017

23. SEGMENT REPORTING

The Company is organized into two major business segments, which comprises the manufacture and sale of cement and sand, and other by products. Geographically, the Company's entire business operations are concentrated in State of Qatar. The Chief Operating Decision Maker evaluates the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

June 30, 2017 (Reviewed):

	<u>Cement</u>	<u>Sand</u>	<u>Others</u>	<u>Total</u>
	QR	QR	QR	QR
Revenue	434,027	119,428	3,294	556,749
Cost of sales	(295,355)	(89,261)	(1,849)	(386,465)
Gross profit	138,672	30,167	1,445	170,284
Other income	--	--	23,909	23,909
General and administrative expenses	(15,707)	(2,975)	(899)	(19,581)
Selling and distribution expenses	(2,898)	(797)	(23)	(3,718)
Share of profit from associates	--	--	(2,797)	(2,797)
Profit for the period	<u>120,067</u>	<u>26,395</u>	<u>21,635</u>	<u>168,097</u>

June 30, 2016 (Reviewed):

	<u>Cement</u>	<u>Sand</u>	<u>Others</u>	<u>Total</u>
	QR	QR	QR	QR
Revenue	493,375	89,144	2,425	584,944
Cost of sales	(283,391)	(64,047)	(1,362)	(348,800)
Gross profit	209,984	25,097	1,063	236,144
Other income	--	--	26,473	26,473
General and administrative expenses	(11,248)	(2,032)	(55)	(13,335)
Selling and distribution expenses	(2,755)	(498)	(13)	(3,266)
Share of profit from associates	--	--	5,680	5,680
Profit for the period	<u>195,981</u>	<u>22,567</u>	<u>33,148</u>	<u>251,696</u>