

**QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)
DOHA – STATE OF QATAR**

**INTERIM CONDENSED FINANCIAL STATEMENTS
TOGETHER WITH INDEPENDENT AUDITOR'S
REVIEW REPORT FOR THE
SIX MONTHS ENDED JUNE 30, 2023**

QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)
DOHA – STATE OF QATAR

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INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS

To
The Board of Directors
Qatar National Cement Company (Q.P.S.C.)
Doha – State of Qatar

Introduction

We have reviewed the accompanying interim condensed statement of financial position of **Qatar National Cement Company (Q.P.S.C.)**, (the "Company"), Doha – State of Qatar, as at June 30, 2023 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. 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 interim condensed financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

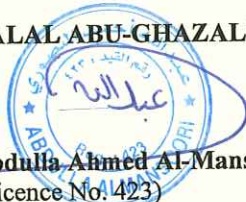
Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with International Accounting Standard-34, *Interim Financial Reporting*.

Emphasis of Matter

We draw attention to note 4(b) to these interim condensed financial statements, which describes that the license issued by the Government of Qatar to use the land on which quarries, plants and buildings are situated has been expired in 2015. As of the reporting date, the Company is in the process of negotiating with competent authorities related to terms and conditions of the lease agreement. Our conclusion is not modified in respect of this matter.

TALAL ABU-GHAZALEH & CO.



Abdulla Ahmed Al-Mansoori
(Licence No. 423)

Doha, August 01, 2023



طلال أبوغزالة وشركاه
Talal Abu-Ghazaleh & Co.
Qatar Office

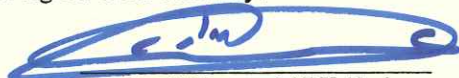
**QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)
DOHA – STATE OF QATAR**

EXHIBIT "A"

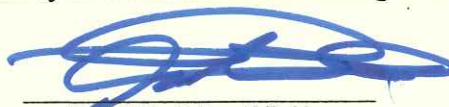
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (REVIEWED)
AS AT JUNE 30, 2023**

	Note	June 30, 2023 (QR '000) (Reviewed)	Dec. 31, 2022 (QR '000) (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment and capital work in progress	-4-	1,610,398	1,654,645
Investment properties	-5-	3,054	3,279
Investment in associates	-6-	47,512	49,728
Financial assets at fair value through other comprehensive income-equity instruments	-7-	224,877	219,755
Total Non-Current Assets		1,885,841	1,927,407
CURRENT ASSETS			
Inventories	-8-	510,855	366,126
Accounts and other receivables	-9-	331,685	385,128
Short term fixed deposits	-10-	254,866	294,129
Cash and cash equivalents	-10-	341,827	492,886
Total Current Assets		1,439,233	1,538,269
Total Assets		3,325,074	3,465,676
EQUITY AND LIABILITIES			
EQUITY			
Share capital	-11-	653,529	653,529
Legal reserve		326,764	326,764
Fair value reserve of financial assets at fair value through other comprehensive income-equity instruments	-12-	46,784	44,694
Share of fair value reserves of associates	-13-	8,486	9,883
Retained earnings		1,951,272	2,045,483
Total Equity – Exhibit D		2,986,835	3,080,353
NON-CURRENT LIABILITIES			
Employees' end of service benefits		11,235	11,207
Accounts and other payables – long term	-14(b)-	92,915	128,484
Total Non-Current Liabilities		104,150	139,691
CURRENT LIABILITIES			
Accounts and other payables –short term	-14(b)-	234,089	245,632
Total Liabilities		338,239	385,323
Total Equity and Liabilities		3,325,074	3,465,676

These interim condensed financial statements were approved by the Board of Directors on August 01, 2023 and signed on its behalf by:



Essa Mohammed Ali Kaldari
Chief Executive Officer



Khaled Bin Sultan Al-Rabban
Managing Director

THE ACCOMPANYING NOTES 1 TO 22 CONSTITUTE AN INTEGRAL PART OF THESE
INTERIM CONDENSED FINANCIAL STATEMENTS

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QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)
DOHA – STATE OF QATAR

EXHIBIT "B"

INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS (REVIEWED)
FOR THE SIX MONTHS ENDED JUNE 30, 2023

	Note	Six months ended June 30, 2023 (QR '000) (Reviewed)	Six months ended June 30, 2022 (QR '000) (Reviewed)
Revenue		233,779	386,510
Cost of sales		(150,877)	(284,476)
Gross profit		82,902	102,034
Other income	-15-	33,892	19,997
Selling and distribution expenses		(6,515)	(4,258)
General and administrative expenses		(10,664)	(8,103)
Share of profit from associates		1,658	1,525
Profit for the period – Exhibits C, D&E		101,273	111,195
		=====	=====
Earnings per share			
Basic earnings per share (QR.)	-16-	0.155	0.170
		=====	=====
Diluted earnings per share (QR.)	-16-	0.155	0.170
		=====	=====

THE ACCOMPANYING NOTES 1 TO 22 CONSTITUTE AN INTEGRAL PART OF THESE
INTERIM CONDENSED FINANCIAL STATEMENTS

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QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)
DOHA – STATE OF QATAR

EXHIBIT "C"

**INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME (REVIEWED)
FOR THE SIX MONTHS ENDED JUNE 30, 2023**

	Six months ended June 30, 2023 (QR '000) (Reviewed)	Six months ended June 30, 2022 (QR '000) (Reviewed)
Profit for the period – Exhibit B	101,273	111,195
Other comprehensive income:		
<i>Items that will be reclassified subsequently to profit or loss:</i>		
Net changes in share of fair value reserves of associates	(1,397)	1,329
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Net changes in fair value of financial assets at fair value through other comprehensive income-equity instruments	2,665	12,533
Other comprehensive income for the period – Exhibit D	1,268	13,862
Total comprehensive income for the period – Exhibit D	102,541	125,057
	=====	=====

THE ACCOMPANYING NOTES 1 TO 22 CONSTITUTE AN INTEGRAL PART OF THESE
INTERIM CONDENSED FINANCIAL STATEMENTS

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QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)
DOHA – STATE OF QATAR

EXHIBIT "D"

INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY (REVIEWED)
FOR THE SIX MONTHS ENDED JUNE 30, 2023

	Share Capital (QR '000)	Legal Reserve (QR '000)	Fair Value Reserve of Financial Assets at FVOCI (QR '000)	Share of Fair Value Reserves of Associates (QR '000)	Retained Earnings (QR '000)	Total (QR '000)
SIX MONTHS ENDED JUNE 30, 2022 (REVIEWED)						
Balance as at December 31, 2021 - (Audited)	653,529	326,764	46,089	8,668	2,016,876	3,051,926
Total comprehensive income for the period	-	-	-	-	111,195	111,195
Profit for the period – Exhibit B						
Other comprehensive income	-	-	-	1,329	-	1,329
Net changes in share of fair value reserves of associates						
Net changes in fair value of financial assets at fair value through other comprehensive income-equity instruments	-	-	12,533	-	-	12,533
Other comprehensive income for the period – Exhibit C	-	-	12,533	1,329	-	13,862
Total comprehensive income for the period – Exhibit C	-	-	12,533	1,329	111,195	125,057
Dividend distribution for the year 2021 – Note 17	-	-	-	-	(196,059)	(196,059)
De-recognition of fair value reserve upon disposals – equity instruments	-	-	(1,436)	-	1,436	-
Balance as at June 30, 2022	<u>653,529</u>	<u>326,764</u>	<u>57,186</u>	<u>9,997</u>	<u>1,933,448</u>	<u>2,980,924</u>
SIX MONTHS ENDED JUNE 30, 2023 (REVIEWED)						
Balance as at December 31, 2022 – Exhibit A (Audited)	653,529	326,764	44,694	9,883	2,045,483	3,080,353
Total comprehensive income for the period	-	-	-	-	101,273	101,273
Profit for the period – Exhibit B						
Other comprehensive income	-	-	-	(1,397)	-	(1,397)
Net changes in share of fair value reserves of associates						
Net changes in fair value of financial assets at fair value through other comprehensive income-equity instruments	-	-	2,665	-	-	2,665
Other comprehensive income for the period – Exhibit C	-	-	2,665	(1,397)	-	1,268
Total comprehensive income for the period – Exhibit C	-	-	2,665	(1,397)	101,273	102,541
Dividend distribution for the year 2022 – Note 17	-	-	-	-	(196,059)	(196,059)
De-recognition of fair value reserve upon disposals – equity instruments	-	-	(575)	-	575	-
Balance as at June 30, 2023 – Exhibit A	<u>653,529</u>	<u>326,764</u>	<u>46,784</u>	<u>8,486</u>	<u>1,951,272</u>	<u>2,986,835</u>

THE ACCOMPANYING NOTES 1 TO 22 CONSTITUTE AN INTEGRAL PART OF THESE INTERIM CONDENSED FINANCIAL STATEMENTS

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**QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)
DOHA – STATE OF QATAR**

EXHIBIT "E"

**INTERIM CONDENSED STATEMENT OF CASH FLOWS (REVIEWED)
FOR THE SIX MONTHS ENDED JUNE 30, 2023**

	Six months ended June 30, 2023 (QR '000) (Reviewed)	Six months ended June 30, 2022 (QR '000) (Reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period – Exhibit B	101,273	111,195
Adjustments for:		
Depreciation of property, plant and equipment and investment properties	55,770	56,310
Dividend income	(10,146)	(8,776)
Interest income	(16,496)	(6,000)
Share of (profit) from associates	(1,658)	(1,525)
Rental income	(4,774)	(4,647)
Provision for employees' end of service benefits	711	6,000
Operating profit before working capital changes	124,680	152,557
Changes in operating assets and liabilities		
-Inventories	(144,729)	64,464
-Accounts and other receivables	53,443	(8,101)
-Accounts and other payables	(47,112)	(24,419)
Cash generated (used in) from operations	(13,718)	184,501
Employees' end of service benefits paid	(683)	(331)
Net cash (used in) from operating activities	(14,401)	184,170
CASH FLOWS FROM INVESTING ACTIVITIES		
Net addition to short term fixed deposits	39,263	-0-
Additions to property, plant and equipment and capital work in progress	(11,298)	(1,210)
Additions to financial assets at fair value through other comprehensive income -equity instruments	(5,300)	(11,478)
Proceeds from disposals of financial assets at fair value through other comprehensive income – equity instruments	2,843	5,028
Dividend income received from associate	2,477	500
Dividend income received	10,146	8,776
Rental income received	4,774	4,647
Interest income received	16,496	6,000
Net cash from investing activities	59,401	12,263
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend distribution	(196,059)	(196,059)
Net cash (used in) financing activities	(196,059)	(196,059)
Net (decrease) increase in cash and cash equivalents	(151,059)	374
Cash and cash equivalents at beginning of the period	492,886	698,847
Cash and cash equivalents at end of the period	341,827	699,221
	=====	=====

THE ACCOMPANYING NOTES 1 TO 22 CONSTITUTE AN INTEGRAL PART OF THESE
INTERIM CONDENSED FINANCIAL STATEMENTS

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**QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)
DOHA – STATE OF QATAR**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS (REVIEWED)
FOR THE SIX MONTHS ENDED JUNE 30, 2023**

1) GENERAL 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. of 25. The Company’s head office is located in Doha, State of Qatar and it is a listed company on the Qatar Stock Exchange.

The Company is primarily engaged in the production and sale of cement, washed sand and other related products at its plants located in Umm Bab and Al Rakiyat in the State of Qatar.

These interim condensed financial statements include the assets, liabilities and results of operation of the company and its branch registered under the commercial registration number 25/1.

2) BASIS OF PREPARATION OF INTERIM CONDENSED FINANCIAL STATEMENTS AND SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The interim condensed financial statements of the Company for the six months ended June 30, 2023 have been prepared in accordance with International Accounting Standard-34, *Interim Financial Reporting* and in conformity with Qatari Commercial Companies Law No.11 of 2015, whose certain provisions were subsequently amended by Law No.8 of 2021.

The interim condensed financial statements do not contain all information and disclosures required for annual financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Company’s annual financial statements for the year ended December 31, 2022. In addition, results for the six months ended June 30, 2023 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2023.

b) Significant Accounting Policies

i) Amendments and annual improvements to the Standards

The accounting policies adopted 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, 2022 and the notes attached thereto, except for certain new and amendments to the standards that became effective in the current period as described below:

New Standard		Effective Date
IFRS 17	Insurance Contracts	January 01, 2023
Amendments to the Standards		Effective Date
IAS 1	Classification of Liabilities as Current/Non-current	January 01, 2023
IAS 8	Definition of Accounting Estimates	January 01, 2023
IAS 1 & IFRS practice statements 2	Disclosures of Accounting Policies	January 01, 2023
IAS 12	Deferred Tax related to Assets and Liabilities arising from a single Transaction	January 01, 2023

The above new and amendments to the standards have been adopted by the company, where applicable, and which did not have any material impact on the accounting policies, financial position or performance of the Company.

ii) Amendments to IFRSs issued but not yet effective

The following amendments to the standards have been issued but are not yet effective and the company intends to adopt these standards, where applicable, when they become effective;

Amendments to the Standards		Effective Date
IFRS 16	Lease liability in a Sale and Leaseback	January 01, 2024
IAS 28 & IFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred Indefinitely

3) FINANCIAL RISK MANAGEMENT, CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY AND SEGMENT REPORTING

a) Financial Risk Management

The Company's financial risk management objectives are consistent with those disclosed in the annual financial statements for the year ended December 31, 2022.

b) Critical Accounting 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 judgements made by the management in applying the company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the company's annual financial statements for the year ended December 31, 2022.

c) Segment Reporting

The company is organized into two major business segments, which comprises the manufacturing and sale of cement and sand and other by-products. In addition to sale of cement and sand, the company's other activities are classified as "Others" for segmentation purposes. Geographically, the company's entire business operations are concentrated in State of Qatar. The chief operating decision makers evaluate the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment. The company has elected to disclose only the results of operating segments in these interim condensed financial statements as management does not maintain and capture segment-wise information about assets and liabilities as it is not required for decision making purposes.

Operating results of each reportable segment are as follows:

For the six months ended June 30, 2023

Description	Cement (QR '000)	Sand (QR '000)	Others (QR '000)	Total (QR '000)
Revenue	177,333	52,210	4,236	233,779
Cost of sales	(109,613)	(39,158)	(2,106)	(150,877)
Gross profit	67,720	13,052	2,130	82,902
Other income	-0-	-0-	33,892	33,892
Selling & distribution expenses	(5,769)	(690)	(56)	(6,515)
General & administrative expenses	(8,090)	(2,382)	(192)	(10,664)
Share of profit from associates	-0-	-0-	1,658	1,658
Profit for the period	53,861	9,980	37,432	101,273

For the six months ended June 30, 2022

Description	Cement (QR '000)	Sand (QR '000)	Others (QR '000)	Total (QR '000)
Revenue	316,547	66,589	3,374	386,510
Cost of sales	(232,717)	(49,942)	(1,817)	(284,476)
Gross profit	83,830	16,647	1,557	102,034
Other income	-0-	-0-	19,997	19,997
Selling & distribution expenses	(3,710)	(522)	(26)	(4,258)
General & administrative expenses	(6,636)	(1,396)	(71)	(8,103)
Share of profit from associates	-0-	-0-	1,525	1,525
Profit for the period	73,484	14,729	22,982	111,195

4) PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK IN PROGRESS

a) Movement during the period/year were as follows:	June 30, 2023 (QR '000) (Reviewed)	Dec. 31, 2022 (QR '000) (Audited)
Cost		
Balance at beginning of the period/year	4,357,983	4,358,122
Additions during the period/year	11,298	6,720
Written off	(5,040)	(6,859)
Balance at end of the period/year	4,364,241	4,357,983
Accumulated Depreciation/Impairment		
Balance at beginning of the period/year	2,703,338	2,597,449
Charge for the period/year	55,545	112,748
On written off	(5,040)	(6,859)
Balance at end of the period/year	2,753,843	2,703,338
Net book value at end of the period/year – Exhibit A	1,610,398	1,654,645
	=====	=====

- b) The Company's plants, quarries and buildings including certain housings are constructed on land licensed from the State of Qatar via an Emiri Decree. The license term for the land has been expired in 2015. The Company is currently negotiating the terms and conditions of the lease agreement with competent authorities who has the concession rights for Dukhan area where the land is located. Whilst the negotiations are ongoing, based on the absolute assessment of the management, it has been assessed that no any indication which may impair the occupancy rights of land. Hence, it is continuing operations at the site.

c) Impairment of Property, Plant and Equipment

- As disclosed in the annual financial statements, on annual basis, the company assess whether any impairment of entire property, plant and equipment.
 - With effective from June 01, 2016, the Cement Plant I had been discontinued and the management is in the process of ascertaining the possible measures to ensure the recoverability of salvage. Further, during the period ended June 30, 2023, the management intended to find a best possible measures to dispose the Cement Plant I. Upon completion of the process, the Cement Plant I will be measured and recognized as per applicable IFRS.
 - Based on appraiser's valuation report dated November 29, 2021 (deemed valued date assumed to be December 31, 2021), the recoverable value of property, plant and equipment related to Cement Plant I have been determined by an accredited independent appraiser based in State of Qatar (Century 21, Raseem Real Estate Marketing, Accredited Real Estate Expert for Justice Courts). The appraiser is an industry specialist in valuing these types of plants, machinery, equipment and spare parts. The recoverable value was determined based on the best industry practice, prevailing market conditions of the assets and sources of market comparable data. As a result, its outcome adjusted during the year 2021.
- d) On April 01, 2020, the operations of Cement Plants IV & V were suspended, due to COVID 19 impacts and other externalities. However, based on the managements' decision, the plant V resumed its operations during 2022 and plant IV resumed during 2023.
- e) The property, plant and equipment include capital work in progress of QR.8,762,002 which mainly represents certain expenses incurred related to cement plant III and for the purchases, development and installation of intangible assets which are being progressed as of the reporting date.

f) Changes in Useful Life of Property, Plant and Equipment

- During the year ended December 31, 2020, the management has reconsidered its assumptions about the future use, specifically the remaining useful life and residual value of the cement plants IV & V including the building attached to those plants.
- Such reassessment was determined based on independent consultant's report dated July 23, 2020 along with high level involvement of the management's judgment and assumptions where number of parameters had been considered. The useful lives had been revised with effective from July 01, 2020 as follows;

Plants IV and V and their equipment	Initially 10 to 20 years	Revised to 35 years
Buildings attached to plants IV & V	Initially 20 years	Revised to 40 years

5) INVESTMENT PROPERTIES

a) Movement during the period/year were as follows:	June 30, 2023	Dec. 31, 2022
	(QR '000)	(QR '000)
	(Reviewed)	(Audited)
Cost		
Balance at beginning of the period/year	42,557	42,557
Balance at end of the period/year	<u>42,557</u>	<u>42,557</u>
Accumulated Depreciation		
Balance at beginning of the period/year	39,278	38,824
Charge for the period/year	225	454
Balance at end of the period/year	<u>39,503</u>	<u>39,278</u>
Net book value at end of the period/year – Exhibit A	<u>3,054</u>	<u>3,279</u>
	=====	=====

b) The interim condensed statement of profit or loss includes a sum of QR.3.18 million as rental income from the above investment properties for the six months ended June 30, 2023 (June 30, 2022: QR.3.02 million).

- c) The fair value of the investment properties amounting to QR.185.94 million as at December 31, 2022 and June 30, 2023 were determined on January 17, 2023 by an accredited independent appraiser. The management of the Company presumes that the fair value of the above investment properties as of December 31, 2022 and June 30, 2023 are not materially differ from the valuation date. The appraiser is an industry specialist in valuing these types of investment properties. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties on valuation date. In estimating the fair value of the properties, the highest and best use of the properties is their current use.
- d) Land on which the above properties located are integral part of the above investment properties.

6) **INVESTMENT IN ASSOCIATES**

a) This item consists of the following:	Share (%)	June 30, 2023 (QR '000) (Reviewed)	Dec. 31, 2022 (QR '000) (Audited)
Qatar Saudi Gypsum Industries Co.	33.33	30,655	33,395
Qatar Quarries & Building Materials Co.	20.00	16,857	16,333
Total – Exhibit A & Note 6(b)		47,512 =====	49,728 =====

b) Movements during the period/year were as follows:	June 30, 2023 (QR '000) (Reviewed)	Dec. 31, 2022 (QR '000) (Audited)
Balance at beginning of the period/year	49,728	46,299
Share of profit for the period/year	1,658	3,381
Dividend received for the period/year	(2,477)	(1,167)
Net changes in fair value reserves for the period/year	(1,397)	1,215
Balance at end of the period/year – Note 6(a)	47,512 =====	49,728 =====

c) The share of net assets of associates were derived based on the investees' latest available financial statements.

7) **FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME-EQUITY INSTRUMENTS**

Financial assets at fair value through other comprehensive income-equity instruments comprise of investments in shares of listed companies in Qatar Exchange. The fair value of the quoted equity shares is determined by reference to published price quotations in Qatar Exchange.

Movements during the period/year were as follows:	June 30, 2023 (QR '000) (Reviewed)	Dec. 31, 2022 (QR '000) (Audited)
Balance at beginning of the period/year	219,755	208,930
Additions during the period/year	5,300	23,239
Disposals during the period/year	(2,843)	(14,260)
Net changes in fair value for the period/year	2,665	1,846
Balance at end of the period/year – Exhibit A	224,877 =====	219,755 =====

8) INVENTORIES			
a) This item consists of the following:		June 30, 2023	Dec. 31, 2022
		(QR '000)	(QR '000)
		(Reviewed)	(Audited)
Work in progress		287,645	167,474
Spare parts		104,008	97,277
Raw materials		76,150	79,511
Finished goods		53,520	40,053
Fuel, oil and lubricants		1,042	839
Others		4,577	5,932
Sub total		<u>526,942</u>	<u>391,086</u>
Provision for obsolete and slow moving inventories-Note 8(b)		(25,519)	(25,519)
Net		<u>501,423</u>	<u>365,567</u>
Goods in transit		9,432	559
Total – Exhibit A		<u>510,855</u>	<u>366,126</u>
		=====	=====
b) Provision for Obsolete and Slow Moving Inventories			
Movements during the period/year were as follows:		June 30, 2023	Dec. 31, 2022
		(QR '000)	(QR '000)
		(Reviewed)	(Audited)
Balance at beginning of the period/year		25,519	26,365
Reversal of provision for the period/year		-0-	(846)
Balance at end of the period/year – Note 8(a)		<u>25,519</u>	<u>25,519</u>
		=====	=====
9) ACCOUNTS AND OTHER RECEIVABLES			
a) This item consists of the following:		June 30, 2023	Dec. 31, 2022
		(QR '000)	(QR '000)
		(Reviewed)	(Audited)
Accounts receivable		312,953	374,829
Less: Provision for expected credit losses –Note 9(b)		(4,801)	(4,801)
Net accounts receivable		<u>308,152</u>	<u>370,028</u>
Advances to suppliers		6,000	6,073
Prepayments and other receivables		17,533	9,027
Total – Exhibit A		<u>331,685</u>	<u>385,128</u>
		=====	=====
b) Provision for Expected Credit Losses			
Movements during the period/year were as follows:		June 30, 2023	Dec. 31, 2022
		(QR '000)	(QR '000)
		(Reviewed)	(Audited)
Balance at beginning of the period/year		4,801	4,130
Increase in loss allowance during the period/year		-0-	671
Balance at end of the period/year – Note 9(a)		<u>4,801</u>	<u>4,801</u>
		=====	=====
10) CASH AND CASH EQUIVALENTS			
This item consists of the following:		June 30, 2023	Dec. 31, 2022
		(QR '000)	(QR '000)
		(Reviewed)	(Audited)
Cash in hand		140	15
Cash at current and call accounts		20,235	18,709
Short term fixed deposits (maturity within 90 days)		321,452	474,162
Total – Exhibits A		<u>341,827</u>	<u>492,886</u>
Short term fixed deposits (maturity over 90 days)		254,866	294,129
-Exhibit A		<u>596,693</u>	<u>787,015</u>
Total		<u>596,693</u>	<u>787,015</u>
		=====	=====

11) SHARE CAPITAL		
This item consists of the following:	June 30, 2023	Dec. 31, 2022
	(Reviewed)	(Audited)
Authorized, issued and fully paid up capital with a par value of QR.1 each (QR '000) – Exhibit A	653,529	653,529
	=====	=====
Authorized, issued and fully paid up capital – Number of shares ('000)	653,529	653,529
	=====	=====
12) FAIR VALUE RESERVE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME-EQUITY INSTRUMENTS		
Movements during the period/year were as follows:	June 30, 2023	Dec. 31, 2022
	(QR '000)	(QR '000)
	(Reviewed)	(Audited)
Balance at beginning of the period/ year	44,694	46,089
Net changes in fair value for the period/year	2,665	1,845
De-recognition of fair value reserve upon disposals	(575)	(3,240)
	-----	-----
Balance at end of the period/year – Exhibit A	46,784	44,694
	=====	=====
13) SHARE OF FAIR VALUE RESERVES OF ASSOCIATES		
Movements during the period/year were as follows:	June 30, 2023	Dec. 31, 2022
	(QR '000)	(QR '000)
	(Reviewed)	(Audited)
Balance at beginning of the period/year	9,883	8,668
Net changes in fair value for the period/year	(1,397)	1,215
	-----	-----
Balance at end of the period/year – Exhibit A	8,486	9,883
	=====	=====
14) ACCOUNTS AND OTHER PAYABLES		
a) This item consists of the following:	June 30, 2023	Dec. 31, 2022
	(QR '000)	(QR '000)
	(Reviewed)	(Audited)
Accruals against energy suppliers – Note 14(c)	135,224	191,951
Dividends payable	101,404	97,524
Amicable legal claims payable – Note 14(f)	13,795	20,692
Accruals and provisions	32,611	16,654
Accounts payable	31,004	18,978
Advances from customers	7,064	5,288
Retention payable	574	574
Directors' remuneration payable	-0-	7,500
Provision for social and sports fund contribution	-0-	5,678
Other payables	5,328	9,277
	-----	-----
Total – Note 14(b)	327,004	374,116
	=====	=====
b) Based on the maturities, accounts and other payable are classified in the interim condensed statement of financial position as follows;	June 30, 2023	Dec. 31, 2022
	(QR '000)	(QR '000)
	(Reviewed)	(Audited)
Long term portion – Exhibit A	92,915	128,484
Short term portion – Exhibit A	234,089	245,632
	-----	-----
Total – Note 14(a)	327,004	374,116
	=====	=====

- c) Pursuant to the Gas Sales and Purchase Agreement with Government based entity (M/s. Qatar Energy) and Power Supply Agreement with another Government based entity (M/s. Qatar General Electricity & Water Corporation) hereinafter referred as "Energy Suppliers", the company has agreed with the energy suppliers to purchase minimum quantities of the energy for the operation of the Cement Plants.

The above dues are measured and accounted as per the terms of the contractual arrangements with the energy suppliers as follows:

	June 30, 2023 (QR '000) (Reviewed)	Dec. 31, 2022 (QR '000) (Audited)
M/s. Qatar General Electricity & Water Corporation- Note 14(d)	119,173	157,575
M/s. Qatar Energy- Note 14(e)	16,051	34,376
Total – Note 14(a)	<u>135,224</u> =====	<u>191,951</u> =====

d) Power Supply Agreements with M/s. Qatar General Electricity & Water Corporation (Kahramaa)

- The company has signed three separate Power Supply Agreements (for plants III, IV&V) for the use of electricity where it is obligated to pay the claims related to the utilization of electricity and differences between actual and minimum energy utilization as stipulated in the agreements.
- During the year 2021, the company entered addendums to the above Power Supply Agreements for plants III, IV & V to obtain certain concessions such as tariff and reduction in maximum demand quantities applied in the computation of take-or-pay claims mentioned in the previous agreements.
- Reference to the letter received from the Minister of State for Energy Affairs in the first half of 2019 informing the Company that the reduction in the take-or-pay rates (from 85% to 65%) will take effect from the date of the amendment to the agreement, rather than being applied with retroactive impact from 2009 which was previously communicated by the Minister. During 2021, the company agreed to settle all outstanding take-or-pay charges amounting to QR.172,034,073 from 2009 to 2020 in 6 yearly installments with effective from January 01, 2022 and waived off the respective penalties for the delay in payment of take-or-pay charges. Consequently, the board of directors of the company decided to record a sum of QR.76,025,117 take-or-pay charges from 2009 to 2017 in the books of accounts on retrospective basis during 2021.
- The contractual obligation of the company reference to above agreements with Kahramaa are as follows:

	June 30, 2023 (QR '000) (Reviewed)	Dec. 31, 2022 (QR '000) (Audited)
Take-or-pay claims from supplier	116,341	150,610
Utilization claims from supplier	2,832	6,965
Total – Note 14(c)	<u>119,173</u> =====	<u>157,575</u> =====

e) Gas Sales and Purchase Agreements with M/s. Qatar Energy

- The company had signed two separate agreements (one for plants I, II & III signed during 2006 and the other one for plants IV&V signed during 2017) for the use of gas where it obligated to pay differences between actual and minimum energy utilization as stipulated in those agreements.
- In addition to the initial agreements, during 2021 (sanctioned on June 13, 2022), the company entered into latest "Gas Sale and Purchase Agreement" which supersedes the previous agreements. As per latest agreement, numerous changes to the contracts were placed including the contract price which resulted the followings;
 - The rates for energy usage have been changed,
 - Obtained waived off take-or-pay claims for the plants IV and V for the minimum quantities utilization during the year 2020,
 - The take-or-pay quantity have been changed.

- On a prudence basis and in compliance with contractual arrangements, all the payable obligation related to gas consumption have been recorded as of reporting date and the company intends to finalize the settlement plan with "Qatar Energy" after netting of advance payments, if any.

f) **Amicable Legal Claims - Ministry of Municipality and Environment**

With reference to the lawsuit filed by the Ministry of Municipality and Environment of State of Qatar during 2017 against the company for extracting raw materials used in cement industry from outside the designated areas during the period from 2008 to 2011, the company entered into amicable decision with the respective party on March 31, 2021 which is subsequently sanctioned at the Court. In accordance with the outcome of the Court Verdict dated May 27, 2021 related to the above case, the company has agreed to settle a sum of QR.34,487,332 in 5 equal annual installments commencing from June 01, 2021.

The financial obligations to the Ministry of Municipality and Environment are classified in the interim condensed statement of financial position as short and long term based on the maturities.

15) **OTHER INCOME**

a) This item consists of the following:	Six months ended June 30, 2023 (QR '000) (Reviewed)	Six months ended June 30, 2022 (QR '000) (Reviewed)
Dividend income	10,146	8,776
Interest income	16,496	6,000
Rental income from investment properties –Note 15(b)	4,774	4,647
Transportation income	462	299
Others	2,014	275
Total – Exhibit B	33,892 =====	19,997 =====

- b) Included a sum of QR.1,598,101 earned from certain properties which are attached and integral part of property, plant and equipment (Six months ended June 30, 2022: QR. 1,631,233).

16) **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 months ended June 30, 2023 (Reviewed)	Six months ended June 30, 2022 (Reviewed)
Profit attributable to ordinary shareholders of the Company (QR'000)	101,273 =====	111,195 =====
Weighted average number of ordinary shares outstanding ('000)	653,529 =====	653,529 =====
Basic earnings per share (QR.) – Exhibit B	0.155 =====	0.170 =====

b) **Diluted Earnings Per Share**

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

17) **DIVIDENDS**

Following the approval of the Annual General Assembly held on February 19, 2023, it was decided a cash dividend distribution of 30% of the paid up capital totaling QR. 196,058,682 relating to the year ended December 31, 2022 (December 31, 2022: cash dividend distribution of 30% of the paid up capital totaling QR.196,058,682 relating to the year ended December 31, 2021).

18) **INTANGIBLE ASSETS**

a) Movements during the period/year were as follows:	June 30, 2023 (QR '000) (Reviewed)	Dec. 31, 2022 (QR '000) (Audited)
Cost		
Balance at beginning of the period/year	5,872	5,872
Balance at end of the period/year	<u>5,872</u>	<u>5,872</u>
Accumulated Amortization		
Balance at beginning of the period/year	5,872	5,872
Balance at end of the period/year	<u>5,872</u>	<u>5,872</u>
Net book value at end of the period/year	<u>-0-</u> =====	<u>-0-</u> =====

- b) Intangible assets represent the cost of software development-SAP ERP. The software development cost is amortized on straight line basis over the estimated useful life of three years.

19) **RELATED PARTY TRANSACTIONS**

a) **Transactions with Government of Qatar and its agencies**

The various Government based entities together hold about 46% 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, in particular from Qatar Energy for natural gas and Kahramaa for power supply.

The rental income includes a sum of QR.2.5 million for the six months ended June 30, 2023 (June 30, 2022: QR.2.5 million) from the Government of Qatar.

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 Company.

During the six months ended June 30, 2023, the Company has paid a sum of QR.0.30 million (June 30, 2022: QR.0.30 million) to members of the Committees of the Board of Directors and salaries, retirement and other benefits incurred (paid and provided) to key members of management amounted to QR.2.98 million (June 30, 2022: QR.6.72 million).

20) **COMMITMENTS, CONTINGENCIES AND LITIGATIONS**

- a) The following summarizes the significant contractual commitments and contingencies:

	June 30, 2023 (QR '000) (Reviewed)	Dec. 31, 2022 (QR '000) (Audited)
Letters of credit and guarantee	2,492	3,282
	=====	=====

b) **Litigation**

There were no reportable legal litigations against or in favor of the company as of reporting date which would require adjustments to the reported balances as of reporting date.

21) **COMPARATIVE FIGURES**

Certain of the comparative figures have been reclassified to conform with the presentation of the current period. Those reclassifications do not affect previously reported profit or equity.

22) **GENERAL**

Figures in the interim condensed financial statements have been presented in Qatari Riyals rounded to the nearest thousands except in certain supplementary disclosures.