

**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, 2018**

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

INTERIM CONDENSED FINANCIAL STATEMENTS

For the six month period ended June 30, 2018

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QR. 83046

RN: 0044/MMS/FY2019

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, 2018, 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 5 (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 23, 2018

For Deloitte & Touche
Qatar Branch



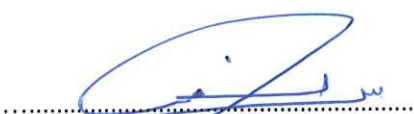
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QFMA Auditor License No. 120156



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

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION As at June 30, 2018

	Notes	June 30, 2018 (Reviewed) QR'000	December 31, 2017 (Audited) QR'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	2,213,700	2,211,486
Investment properties	6	5,323	5,548
Advances for construction of plant	7	4,521	12,109
Investment in associates	8	51,106	55,076
Financial assets - equity instruments	9	182,283	110,486
Total non-current assets		2,456,933	2,394,705
Current assets			
Inventories	10	352,999	330,361
Accounts receivables and other debit balances	11	315,928	262,873
Cash and bank balances		627,287	910,081
Total current assets		1,296,214	1,503,315
TOTAL ASSETS		3,753,147	3,898,020
EQUITY AND LIABILITIES			
Equity			
Share capital	14	653,529	653,529
Legal reserve		326,764	326,764
Fair value reserve of available-for-sale financial assets		--	15,309
Fair value reserve of financials assets – equity instruments		2,107	--
Share of fair value reserves of associates		6,807	8,413
Retained earnings		2,013,327	2,131,159
Total equity		3,002,534	3,135,174
Non-current liabilities			
Employees' end of service benefits		12,408	11,958
Other liabilities	12	24,630	37,156
Borrowings	13	182,500	273,113
Total non-current liabilities		219,538	322,227
Current liabilities			
Accounts payable and other credit balances		283,324	245,946
Other liabilities	12	65,251	103,636
Borrowings		182,500	91,037
Total current liabilities		531,075	440,619
Total liabilities		750,613	762,846
TOTAL EQUITY AND LIABILITIES		3,753,147	3,898,020


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

As at June 30, 2018

	Notes	Six month period ended June 30,	
		2018	2017
		(Reviewed)	(Reviewed)
		QR'000	QR'000
Revenue		434,554	556,749
Cost of sales		(277,763)	(386,465)
Gross profit		156,791	170,284
Other income	16	27,864	23,909
Selling and distribution expenses		(3,614)	(3,718)
General and administrative expenses		(12,995)	(19,581)
Share of profit/(loss) from associates		471	(2,797)
Profit for the period		168,517	168,097
Earnings per share			
Basic and diluted earnings per share (QR.)	17	2.58	2.57

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, 2018

	Note	Six month period ended June 30,	
		2018	2017
		(Reviewed)	(Reviewed)
		QR'000	QR'000
Profit for the period		168,517	168,097
Other comprehensive income			
<i>Items that may be reclassified subsequently to statement of profit or loss</i>			
Net changes in associates' share of fair value reserves	8	(1,606)	1,320
Net changes in fair value of available-for-sale financial assets		--	(35,268)
<i>Items that will not be reclassified subsequently to statement of profit or loss</i>			
Net changes in fair value of equity instruments at fair value through other comprehensive income		(4,536)	--
Other comprehensive loss for the period		(6,142)	(33,948)
Total comprehensive income for the period		162,375	134,149

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, 2018

	Cumulative changes in fair value reserve related to					Retained earnings QR'000	Total QR'000	
	Share capital QR'000	Legal reserve QR'000	Development reserve QR'000	Available for sale QR'000	Financial assets – FVTOCI QR'000			Investment in associates QR'000
Balance at January 1, 2017 (Audited)	594,118	297,059	406,589	49,715	--	7,192	3,087,256	
Profit for the period	--	--	--	--	--	--	168,097	
Other comprehensive income for the period	--	--	--	(35,268)	--	1,320	(33,948)	
Issuance of bonus shares (Note 18)	59,411	--	--	--	--	--	--	
Transfer of development reserve (Note 15)	--	--	(406,589)	--	--	--	--	
Dividends distribution (Note 18)	--	--	--	--	--	--	(237,647)	
Balance at June 30, 2017 (Reviewed)	653,529	297,059	--	14,447	--	8,512	2,983,758	
Balance at January 1, 2018 (Audited)	653,529	326,764	--	15,309	--	8,413	3,135,174	
Adjustments (Note 3)	--	--	--	(15,309)	6,643	--	(1,628)	
Balance at January 1, 2018 (Adjusted)	653,529	326,764	--	--	6,643	8,413	3,133,546	
Profit for the period	--	--	--	--	--	--	168,517	
Other comprehensive income for the period	--	--	--	--	(4,536)	(1,606)	(6,142)	
Disposal of financial assets – equity instruments designated as FVTOCI	--	--	--	--	--	--	701	
Dividends distribution (Note 18)	--	--	--	--	--	--	(294,088)	
Balance at June 30, 2018 (Reviewed)	653,529	326,764	--	--	2,107	6,807	3,002,534	

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, 2018

	Six month period ended June 30,	
	2018 (Reviewed) QR'000	2017 (Reviewed) QR'000
OPERATING ACTIVITIES		
Profit for the period	168,517	168,097
Adjustments for:		
Depreciation and amortization	62,569	71,062
Dividend income	(10,988)	(6,705)
Interest income	(11,163)	(10,583)
Foreign exchange loss	850	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)
Reversal of provision for doubtful debts	(253)	--
Share of (profit)/loss from associates	(471)	2,797
Provision for employees' end of service benefits	882	811
	209,943	229,009
Working capital changes:		
Inventories	(22,638)	83,238
Accounts receivables and other debit balances	(54,430)	(57,216)
Accounts payables, other credit balances and other liabilities	(13,533)	(15,969)
Cash from operations	119,342	239,062
Employees' end of service benefits paid	(432)	(665)
Net cash from operating activities	118,910	238,397
INVESTING ACTIVITIES		
Additions in property, plant and equipment, net of advance payment	(56,970)	(113,234)
Additions to available-for-sale financial assets	--	(4,202)
Additions to financial assets - equity instruments	(114,183)	--
Proceeds from sale of property, plant and equipment	--	416
Proceeds from sale of available-for-sale financial assets	--	24,172
Proceeds from sale of financial assets - equity instruments	38,551	--
Dividend income received	10,988	6,705
Dividend income from associates	2,835	1,333
Interest income received	11,163	10,583
Net cash used in investing activities	(107,616)	(74,227)
FINANCING ACTIVITIES		
Proceeds from borrowings	--	145,660
Dividend distribution	(294,088)	(237,647)
Net cash used in financing activities	(294,088)	(91,987)
Net (decrease)/increase in cash and cash equivalents	(282,794)	72,183
Cash and cash equivalents at the beginning of the period	910,081	693,144
Cash and cash equivalents at the end of the period	627,287	765,327

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, 2018

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 listed on the Qatar Stock Exchange.

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 interim condensed financial statements.

2. 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.

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

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, 2017. In addition, results for the six months' period ended June 30, 2018 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

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, 2017, and the notes attached thereto, except for certain new and revised standards and interpretations, that became effective in the current period as set out below:

(i) New and amended standards adopted by the Company

A number of new and amended standards became applicable for the current reporting period and the Company had to change its accounting policies and reflect the required adjustments as a result of adopting the following standards:

- IFRS 9, *Financial Instruments*; and
- IFRS 15, *Revenue from Contracts with Customers*

The impacts of the adoptions of these standards and the new accounting policies are disclosed below. The other standards did not have any material impact on the Company's accounting policies and did not require any adjustments.

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

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the six month period ended June 30, 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(ii) Revised standards

Effective for annual periods beginning on or after January 1, 2018:

- | | |
|---|--|
| • IFRS 2 (Revised) | <i>Amendments regarding classification and measurement of share based payment transactions</i> |
| • IFRS 7 (Revised) | <i>Amendments relating to disclosures about the initial application of IFRS 9</i> |
| • IAS 40 (Revised) | <i>Investment Property - Amendments to paragraph 57</i> |
| • Annual Improvements 2014 – 2016 Cycle | <i>Amendments to IFRS 1 and IAS 28</i> |
| • IFRIC 22 | <i>Foreign Currency Transactions and Advance Consideration</i> |

(iii) New and revised standards and interpretations issued but not yet effective:

- | | |
|------------|---|
| • IFRS 16 | <i>Leases</i> |
| • IFRIC 23 | <i>Uncertainty over Income Tax Treatments</i> |

IFRS 16 Leases

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised in the interim condensed statement of financial position, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The standard will affect primarily the accounting for the Company's operating leases. The Company has not yet determined to what extent these operating leases will result in the recognition of an asset and a liability for future payments and how this will affect the Company's profit and classification of cash flows.

Changes in accounting policies

(i) IFRS 15 Revenue from Contracts with Customers – Accounting policies adopted from January 1, 2018

As a result of the Company's assessment of IFRS 15, no major change in the accounting policies was identified, which might have a material impact on the interim condensed financial statements.

(ii) IFRS 15 Revenue from Contracts with Customers – Impact of Adoption

IFRS 15 established a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

The Company has adopted IFRS 15 *Revenue from Contracts with Customers* from January 1, 2018. The Company has elected not to restate comparative figures but any adjustments to the carrying amount of assets and liabilities at transition date were recognised in the opening balance of the retained earnings.

The Company has performed assessment of the impact of IFRS 15 against their current accounting policies for recognising revenue from sales of cement and sand products.

The assessment provided that the Company's transition and adoption of IFRS 15 as at January 1, 2018 did not result in a material impact on the 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, 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies (continued)

(iii) IFRS 9 Financial Instruments – Accounting policies adopted from January 1, 2018

The Company has adopted IFRS 9, *Financial Instruments* beginning January 1, 2018. This standard replaces IAS 39 *Financial Instruments, Recognition and Measurement*.

IFRS 9 introduces new requirements for (1) classification and measurements of financial assets and liabilities, (2) impairment of financial assets and (3) other related accounting applications. Details of these new requirements as well as their impact on the Company's interim condensed financial statements are described below:

Classification

From January 1, 2018, the Company classified its financial assets in the following categories:

- Those to be measured subsequently at fair value through other comprehensive income ("FVTOCI"); and
- Those to be measured at amortised cost.

The Company performed a detailed analysis of its business models for managing financial assets as well as analysing the contractual terms of the cash flows. There were no changes to the classification and measurements of financial liabilities.

Measurement

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

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognised in interim condensed statement of profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/(losses) in the interim condensed statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity instruments measured at FVTOCI are not reported separately from the changes in fair value.

Impairment

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model. The new impairment model applies to accounts receivable, bank deposits, loan guarantees and commitments. The Company applied a simplified approach to measuring expected credit losses ("ECL").

Significant increase in credit risk

When determining the risk of default, the Company considers both quantitative and qualitative information and analysis based on the Company's historical experience and expert credit assessment and including forward-looking information.

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

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the six month period ended June 30, 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in accounting policies (continued)

(iii) IFRS 9 Financial Instruments – Accounting policies adopted from January 1, 2018 (continued)

Credit risk grades

Credit risk grades are defined using quantitative and qualitative factors that are indicative of risk of default considering nature of exposure and the type of borrower.

Generating the term structure of Probability of Default (PD)

The Company employs statistical models to analyse the data collected and generate estimates of PD of exposures with the passage of time. This analysis includes the identification for any changes in default rates and changes in key macro-economic factors.

(iv) IFRS 9 Financial Instruments – Impact of Adoption

The Company has elected not to adjust comparative figures but any adjustments to the carrying amounts of financial assets and liabilities at transition date were recognised in the opening balances of retained earnings.

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six month period ended June 30, 2018

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The table below shows information relating to financial assets that have been adjusted as a result of the transition to IFRS 9:

	Available- for-sale financial assets (QR'000)	Cumulative changes in fair value reserve related to available- for-sale financial assets (QR'000)	Financial assets - equity instruments - FVTOCI (QR'000)	Cumulative changes in fair value reserve related financial assets - equity instruments - FVTOCI (QR'000)	Accounts receivable (QR'000)	Retained earnings (QR'000)
Closing balance as at December 31, 2017	110,486	15,309	--	--	239,020	2,131,159
<u>Impact on adjustments</u>						
Available-for-sale financial assets to those measured at fair value through other comprehensive income ("FVTOCI")	(110,486)	(15,309)	110,486	15,309	--	--
Previously recognised impairment of available-for-sale financial assets to be reversed to opening retained earnings	--	--	--	(8,666)	--	8,666
<u>Impact on recognition, Expected Credit Losses</u>	--	--	--	--	(1,628)	(1,628)
Balance as at January 1, 2018 (after IFRS 9 adjustments)	--	--	110,486	6,643	237,392	2,138,197

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**Changes in accounting policies (continued)*****(iv) IFRS 9 Financial Instruments – Impact of Adoption (continued)***

The following table and the accompanying notes below explained the original measurements categories under IAS 39 and the new measurements categories under IFRS 9 for each class of Company's financial assets as at January 1, 2018:

	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39 (QR '000)	New carrying amount under IFRS 9 (QR '000)
Financial assets					
		Available-for- sale financial assets	Financial assets – equity instruments designated as FVTOCI instruments		
Equity securities	a		Amortised	110,486	110,486
Accounts receivable	b	Loans and receivables	costs	239,020	237,392

- a. These equity securities represent investments that the Company intends to hold for the long term for strategic purposes. As permitted by IFRS 9, the Company has designated these investments at the date of initial application as measured at FVTOCI. The accumulated fair value reserves related to these investments will never be reclassified to the interim condensed statement of profit or loss.
- b. Accounts receivable that were classified as loans and receivables under IAS 39 are now classified at amortised cost. An increase of QR 1,628 thousand in the allowance for impairment over these receivables was recognised in the opening retained earnings as at January 1, 2018 on transition to IFRS 9.

4. 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, 2018, except to those disclosed below:

4. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Changes in judgement and key sources of estimation uncertainty

Classification of investment securities

On acquisition of an investment in security, the Company decided whether it should be classified as fair value through profit or loss or fair value through other comprehensive income or financial assets to be measured at amortised cost.

The Company follows the guidance of IFRS 9 on classifying its investments in securities.

Business models and Solely Payments of Principal and Interests ("SPPI") as significant judgments

Determining the appropriate business models and assessing the SPPI requirements for financial assets may require significant accounting judgement and have significant impact on the interim condensed financial statements. Details of the Company's classification of financial assets are given in Note 3 (iv).

Measurement of expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and applicable FVTOCI is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behavior (e.g. the likelihood of customer defaulting and resulting losses).

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risks;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product and the associated ECL; and
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Revenue recognition

The Company recognised revenue at a point in time.

In determining the point in time when control transfers will require judgment. Indicators to consider in determining whether the customer has obtained control of a good include:

- The Company has a right to payment (not necessarily the same as the right to invoice);
- The customer has legal title;
- The customer has physical possession;
- The customer has the significant risk and rewards of ownership; and/or
- The customer has accepted the asset.

Credit risk measurement

The assessment of credit risk of a portfolio of assets entails further estimations as the likelihood of defaults occurring, of the associated ratios and of default correlations between counterparties. The Company measures credit risk using Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).

Credit quality assessments

The Company has mapped its internal credit rating scale to Moody's rating scale as at June 30, 2018.

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

INTERIM CONDENSED STATEMENT OF CASH FLOWS
For the six month period ended June 30, 2018

5. PROPERTY, PLANT AND EQUIPMENT

The movements during the period/year were as follows:

	Six month period ended June 30, 2018 (Reviewed) (QR '000)	Year ended December 31, 2017 (Audited) (QR '000)
Cost		
Balance at beginning of the period/year	4,204,648	4,001,148
Additions during the period/year	64,558	204,114
Reclassifications during the period/year	--	204
Disposals during the period/year	--	(818)
Balance at end of the period/year	4,269,206	4,204,648
Accumulated Depreciation		
Balance at beginning of the period/year	1,993,162	1,853,665
Depreciation charge for the period/year	62,344	139,999
Related to reclassifications during the period/year	--	204
Related to disposals during the period/year	--	(706)
Balance at end of the period/year	2,055,506	1,993,162
Net book value at end of the period/year	2,213,700	2,211,486

- 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) On April 24, 2018, the Company announced that two cement mills of Cement Plant 5 located in Umm Bab, State of Qatar, had a successful completion of performance test. Also, on June 28, 2018, the remaining parts of Cement Plant 5 were handed over to the Company.

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

INTERIM CONDENSED STATEMENT OF CASH FLOWS For the six month period ended June 30, 2018

6. INVESTMENT PROPERTIES

The movement during the period/year were as follows:

	Six month period ended June 30, 2018 (Reviewed) (QR '000)	Year ended December 31, 2017 (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	37,009	36,530
Depreciation charge for the period/year	225	479
Balance at end of the period/year	37,234	37,009
Net book value at end of the period/year	5,323	5,548

- a) The interim condensed statement of profit or loss includes a sum of QR. 4.69 million as rental income from investment properties for the six-month period ended June 30, 2018 (June 30, 2017: QR. 3.45 million).
- b) Investment properties were appraised by an accredited independent valuer at a fair value of QR 259 million as of December 31, 2017 (2016: QR. 292 million). Management is of the opinion that the fair value of the investment properties as of June 30, 2018 is not materially different from December 31, 2017.

7. ADVANCES FOR CONSTRUCTION OF PLANT

The advances for capital nature assets are as follows:

	June 30, 2018 (Reviewed) (QR '000)	December 31, 2017 (Audited) (QR '000)
Construction of Plant 5	4,519	12,107
Other advances	2	2
	4,521	12,109

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

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the six month period ended June 30, 2018

8. INVESTMENT IN ASSOCIATES

	Ownership 2017	Country of Incorporation	June 30, 2018 (Reviewed) (QR '000)	December 31, 2017 (Audited) (QR '000)
Qatar Saudi Gypsum Industries Co. (W.L.L.)	33.33%	Qatar	26,521	27,436
Qatar Quarries & Building Materials Co. (P.Q.S.C.)	20.00%	Qatar	24,585	27,640
			<u>51,106</u>	<u>55,076</u>

The share from associates are based on the latest available financial statements as of December 31, 2017.

The movements during the period/year were as follows:

	Six month period ended June 30, 2018 (Reviewed) (QR '000)	Year ended Dec. 31, 2017 (Audited) (QR '000)
Balance at beginning of the period/year	55,076	52,247
Share of profit from associates	471	2,941
Receipt of dividends	(2,835)	(1,333)
Net changes in fair value reserves	(1,606)	1,221
Balance at end of the period/year	<u>51,106</u>	<u>55,076</u>

9. FINANCIAL ASSETS – EQUITY INSTRUMENTS

	Six month period ended June 30, 2018 (Reviewed) (QR '000)	Year ended December 31, 2017 (Audited) (QR '000)
Financial assets at fair value through other comprehensive income	182,283	--
Available-for-sale financial assets	--	110,486
Balance at end of the period/year	<u>182,283</u>	<u>110,486</u>

The Company has adopted IFRS 9 *Financial Instruments* beginning January 1, 2018. The Company has changed its accounting policies related to financial assets – equity instruments as a result of the adoption of this standard. All available-for-sale financial assets are now classified as financial assets at fair value through other comprehensive income (FVTOCI).

QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)**INTERIM CONDENSED STATEMENT OF CASH FLOWS**
For the six month period ended June 30, 2018**10. INVENTORIES**

Inventories consist of the following:

	June 30, 2018 (Reviewed) (QR '000)	December 31, 2017 (Audited) (QR '000)
Raw materials	88,260	110,043
Work in progress	146,893	99,534
Finished goods	26,197	20,577
Spare parts	106,124	109,190
Fuel, oil and lubricants	1,590	1,619
Other miscellaneous stocks	2,323	4,626
	<u>371,387</u>	<u>345,589</u>
Provision for obsolete and slow moving inventories	(19,135)	(19,135)
	<u>352,252</u>	<u>326,454</u>
Goods in transit	747	3,907
	<u>352,999</u>	<u>330,361</u>

11. ACCOUNTS RECEIVABLES AND OTHER DEBIT BALANCES

	June 30, 2018 (Reviewed) (QR '000)	December 31, 2017 (Audited) (QR '000)
Accounts receivable	256,938	241,259
Provision for doubtful debts	(3,614)	(2,239)
	<u>253,324</u>	<u>239,020</u>
Advances to suppliers and others	51,946	12,391
Prepayments and other receivables	10,658	11,462
	<u>315,928</u>	<u>262,873</u>

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

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the six month period ended June 30, 2018

12. OTHER LIABILITIES

	June 30, 2018 (Reviewed) (QR. '000)	December 31, 2017 (Audited) (QR. '000)
Claims payable to Qatar Petroleum	51,099	63,599
Payable to contractors	38,782	77,193
	<u>89,881</u>	<u>140,792</u>
Less: Net long term payables		
Claims payable to Qatar Petroleum	24,630	37,156
Net short term payables	<u>65,251</u>	<u>103,636</u>
Long term payables, gross	26,381	39,650
Less: Discounting effect on long term payables	(1,751)	(2,494)
Net long term payables	<u>24,630</u>	<u>37,156</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. The agreed interest rate of the facility is LIBOR + 1.30%.

	June 30, 2018 (Reviewed) (QR. '000)	December 31, 2017 (Audited) (QR. '000)
Balance at beginning of the period/year	364,150	182,075
Borrowings during the period/year	--	182,075
Revaluations during the period/year	850	--
Balance at end of the period/year	<u>365,000</u>	<u>364,150</u>

Presented in the interim condensed financial statements:

	June 30, 2018 (Reviewed) (QR. '000)	December 31, 2017 (Audited) (QR. '000)
Current portion	182,500	273,113
Non-current portion	182,500	91,037
	<u>365,000</u>	<u>364,150</u>

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

INTERIM CONDENSED STATEMENT OF CASH FLOWS For the six month period ended June 30, 2018

14. SHARE CAPITAL

	June 30, 2018 (Reviewed)	December 31, 2017 (Audited)
Authorised, issued and fully paid:		
Share capital (QR'000)	653,529	653,529
No. of shares at QR. 10 nominal value ('000 shares)	65,353	65,353

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, 2018 (Reviewed) (QR '000)	Six month period ended June 30, 2017 (Reviewed) (QR '000)
Dividend income	10,988	6,705
Interest income	11,163	10,583
Rental income	4,689	3,451
Transportation income	318	937
Others	706	2,233
	<u>27,864</u>	<u>23,909</u>

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

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the six month period ended June 30, 2018

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, 2018 (Reviewed)	Six month period ended June 30, 2017 (Reviewed)
Profit attributable to ordinary shareholders of the Company (QR. '000)	168,517	168,097
Weighted average number of ordinary shares outstanding ('000 shares)	65,353	65,353
Basic earnings per share	2.58	2.57

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 February 25, 2018 resolved to distribute a cash dividend of 45% amounting to QR 294,088 thousand relating to the year ended December 31, 2017 (December 31, 2016: cash dividends of 40% of the paid up capital amounting to QR 237,647 thousand and bonus shares of 10% of the paid-up capital which amounted to QR 59,411).

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, 2018 (June 30, 2017: 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 entity.

During the period ended June 30, 2018, the Company has paid a sum of QR. 1.53 million (June 30, 2017: QR. 1.69 million) to members of the Committees of the Board of Directors and salaries and benefits paid to key members of management amounted to QR. 3.32 million (June 30, 2017: QR. 3.27 million).

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

INTERIM CONDENSED STATEMENT OF CASH FLOWS

For the six month period ended June 30, 2018

20. COMMITMENTS AND CONTINGENCIES

The following summarizes the significant contractual commitments and contingencies:

- (i) The Company had the following commitments and contingent liabilities outstanding at:

	June 30, 2018 (Reviewed) (QR '000)	Dec. 31, 2017 (Audited) (QR '000)
Capital commitments	<u>1,446</u>	<u>2,511</u>
Contingencies - Letters of credit	<u>37,311</u>	<u>78,455</u>

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

- (ii) During 2017, Ministry of Municipality and Environment (the "Ministry") has filed a lawsuit against the Company for extracting raw materials used in cement industry from outside the designated areas during the period 2008 to 2011. Ministry is claiming an amount of QR. 68,974,667 as compensation including litigation fees and expenses. The Company has denied the claim and is of the view that the materials used were extracted within the valid territories and requested the court to reject the case.

The court has dismissed the case in March 2018. However, on June 2018, the Ministry has renewed the case in court. It was decided by the court to postpone the hearing until original documents are submitted on October 22, 2018.

The Company is confident of the case will not have any material impact on the Company's interim condensed financial statements.

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, 2017.

22. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company uses the following hierarchy for determining the fair value of financial instruments by valuation technique:

Level 1	Quoted prices (unadjusted) prices in active markets for identical assets or liabilities that the Company can access;
Level 2	Inputs other than quoted prices included within level 1 that are observable for the assets or liability, either directly or indirectly; and
Level 3	Unobservable inputs for the asset or liability

All the financial assets and liabilities are considered as level 1 fair value investments and there is no change in the fair value hierarchy from December 31, 2017.

QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)**INTERIM CONDENSED STATEMENT OF CASH FLOWS**

For the six month period ended June 30, 2018

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, 2018 (Reviewed):

	Cement	Sand	Others	Total
	(QR. '000)	(QR. '000)	(QR. '000)	(QR. '000)
Revenue	345,641	85,069	3,844	434,554
Cost of sales	(218,890)	(56,724)	(2,149)	(277,763)
Gross profit	126,751	28,345	1,695	156,791
Other income	--	--	27,864	27,864
General and administrative expenses	(9,627)	(2,369)	(999)	(12,995)
Selling and distribution expenses	(2,874)	(708)	(32)	(3,614)
Share of profit from associates	--	--	471	471
Profit for the period	114,250	25,268	28,999	168,517

June 30, 2017 (Reviewed):

	Cement	Sand	Others	Total
	(QR. '000)	(QR. '000)	(QR. '000)	(QR. '000)
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	120,067	26,395	21,635	168,097