

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, 2021

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, 2021 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.

Basis for Qualified Conclusion

- The company has not made provision against electricity supply take-or-pay agreements as at June 30, 2021 for the amounts disclosed in note 20(b).

Qualified Conclusion

Based on our review, with the exception of the matters described in preceding paragraph, 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 Matters

We draw attention to the following notes to these interim condensed financial statements;

- Note 4(b), 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.



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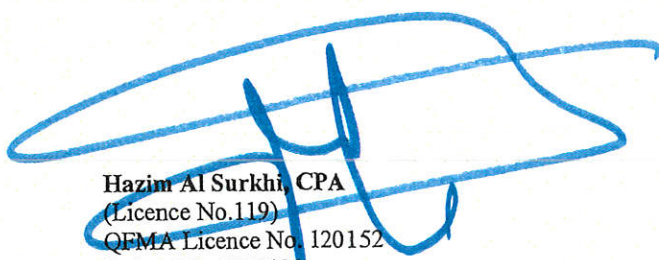
Email: tagco.qatar@tagi.com

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- Note 20 (c), where the company is in the process of obtaining official acknowledgement, approval and consent from the respective authorities to ensure that there are no probable claims related to energy supplies against the suspended plants IV & V.
- Note 14(d), where the company is in the process of negotiating with the energy supplier of electricity to ascertain final and conclusive tariff concession entitlement.

Our conclusion is not modified in respect of above matters.

TALAL ABU-GHAZALEH & CO.

A large, stylized handwritten signature in blue ink, consisting of several loops and a long horizontal stroke, is written over the printed name and title of the signatory.

Hazim Al Surkhi, CPA
(Licence No.119)
QFMA Licence No. 120152
Doha, July 27, 2021

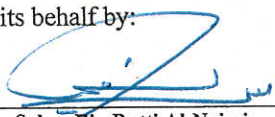
QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)
DOHA – STATE OF QATAR

EXHIBIT "A"

INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (REVIEWED)
AS AT JUNE 30, 2021

	Note	June 30, 2021 (QR '000) (Reviewed)	Dec. 31, 2020 (QR '000) (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment and capital work in progress	-4-	1,829,658	1,885,266
Investment properties	-5-	3,961	4,186
Investment in associates	-6-	53,906	53,185
Financial assets at fair value through other comprehensive income-equity instruments	-7-	197,496	206,621
Total Non-Current Assets		2,085,021	2,149,258
CURRENT ASSETS			
Inventories	-8-	445,840	543,079
Accounts and other receivables	-9-	307,754	326,322
Cash and cash equivalents	-10-	464,292	295,219
Total Current Assets		1,217,886	1,164,620
Total Assets		3,302,907 =====	3,313,878 =====
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-	35,557	50,393
Share of fair value reserves of associates	-13-	9,606	8,843
Retained earnings		1,968,252	2,004,531
Total Equity -- Exhibit D		2,993,708	3,044,060
NON-CURRENT LIABILITIES			
Employees' end of service benefits		10,956	10,589
Accounts and other payables	-14-	20,692	-0-
Total Non-Current Liabilities		31,648	10,589
CURRENT LIABILITIES			
Accounts and other payables	-14-	277,551	259,229
Total Liabilities		309,199	269,818
Total Equity and Liabilities		3,302,907 =====	3,313,878 =====

These interim condensed financial statements were approved by the Board of Directors on July 27, 2021 and signed on its behalf by:


Salem Bin Butti Al-Naimi
Chairman


Khaled Sultan K. KH. Al- Rabban
Managing Director

THE ACCOMPANYING NOTES 1 TO 23 CONSTITUTE AN INTEGRAL PART OF THESE
INTERIM CONDENSED FINANCIAL STATEMENTS

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, 2021

	Note	Six months ended June 30, 2021 (QR '000) (Reviewed)	Six months ended June 30, 2020 (QR '000) (Reviewed)
Revenue		410,006	290,564
Cost of sales		(277,865)	(223,348)
Gross profit		132,141	67,216
Other income	-15-	15,065	14,429
Expenses related to amicable legal claims	-14(e)-	(34,487)	-0-
Selling and distribution expenses		(10,194)	(3,491)
General and administrative expenses		(8,204)	(10,140)
Share of (loss) profit from associates		(42)	272
Profit for the period – Exhibits C, D&E		94,279	68,286
		=====	=====
Earnings per share			
Basic earnings per share (QR.)	-16-	0.144	0.104
		=====	=====
Diluted earnings per share (QR.)	-16-	0.144	0.104
		=====	=====

THE ACCOMPANYING NOTES 1 TO 23 CONSTITUTE AN INTEGRAL PART OF THESE
INTERIM CONDENSED FINANCIAL STATEMENTS

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, 2021

	Six months ended June 30, 2021 (QR '000) (Reviewed)	Six months ended June 30, 2020 (QR '000) (Reviewed)
Profit for the period – Exhibit B	94,279	68,286
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	763	751
<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	(14,688)	(19,696)
Other comprehensive (loss) for the period – Exhibit D	(13,925)	(18,945)
Total comprehensive income for the period – Exhibit D	80,354	49,341
	=====	=====

THE ACCOMPANYING NOTES 1 TO 23 CONSTITUTE AN INTEGRAL PART OF THESE
INTERIM CONDENSED FINANCIAL STATEMENTS

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, 2021

	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, 2020 (REVIEWED)						
Balance as at December 31, 2019 (Audited)	653,529	326,764	50,128	10,224	2,047,254	3,087,899
Total comprehensive income for the period	-0-	-0-	-0-	-0-	68,286	68,286
Profit for the period – Exhibit B	-0-	-0-	-0-	-0-	-0-	-0-
Other comprehensive income	-0-	-0-	-0-	751	-0-	751
Net changes in share of fair value reserves of associates	-0-	-0-	-0-	-0-	-0-	-0-
Net changes in fair value of financial assets at fair value through other comprehensive income-equity instruments	-0-	-0-	(19,696)	-0-	-0-	(19,696)
Other comprehensive (loss) for the period – Exhibit C	-0-	-0-	(19,696)	751	-0-	(18,945)
Total comprehensive income for the period – Exhibit C	-0-	-0-	(19,696)	751	68,286	49,341
Dividend distribution for the year 2019 – Note 17	-0-	-0-	-0-	-0-	(196,059)	(196,059)
De-recognition of fair value reserve upon disposals – equity instruments	-0-	-0-	(8,448)	-0-	8,448	-0-
Balance as at June 30, 2020	653,529	326,764	21,984	10,975	1,927,929	2,941,181
SIX MONTHS ENDED JUNE 30, 2021 (REVIEWED)						
Balance as at December 31, 2020 – Exhibit A (Audited)	653,529	326,764	50,393	8,843	2,004,531	3,044,060
Total comprehensive income for the period	-0-	-0-	-0-	-0-	94,279	94,279
Profit for the period – Exhibit B	-0-	-0-	-0-	-0-	-0-	-0-
Other comprehensive income	-0-	-0-	-0-	763	-0-	763
Net changes in share of fair value reserves of associates	-0-	-0-	-0-	-0-	-0-	-0-
Net changes in fair value of financial assets at fair value through other comprehensive income-equity instruments	-0-	-0-	(14,688)	-0-	-0-	(14,688)
Other comprehensive (loss) for the period – Exhibit C	-0-	-0-	(14,688)	763	-0-	(13,925)
Total comprehensive income for the period – Exhibit C	-0-	-0-	(14,688)	763	94,279	80,354
Dividend distribution for the year 2020 – Note 17	-0-	-0-	-0-	-0-	(130,706)	(130,706)
De-recognition of fair value reserve upon disposals – equity instruments	-0-	-0-	(148)	-0-	148	-0-
Balance as at June 30, 2021 – Exhibit A	653,529	326,764	35,557	9,606	1,968,252	2,993,708

THE ACCOMPANYING NOTES 1 TO 23 CONSTITUTE AN INTEGRAL PART OF THESE INTERIM CONDENSED FINANCIAL STATEMENTS

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, 2021

	Six months ended June 30, 2021 (QR '000) (Reviewed)	Six months ended June 30, 2020 (QR '000) (Reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period – Exhibit B	94,279	68,286
Adjustments for:		
Depreciation of property, plant and equipment and investment properties	57,396	84,998
Dividend income	(6,685)	(7,640)
Interest income	(2,246)	(1,147)
Share of loss (profit) from associates	42	(272)
Rental income	(3,560)	(2,920)
(Gain) on disposal of property, plant and equipment	(2)	-0-
Expenses related to amicable legal claims	34,487	-0-
Provision for employees' end of service benefits	705	837
Operating profit before working capital changes	174,416	142,142
Changes in operating assets and liabilities		
-Inventories	97,239	(39,798)
-Accounts and other receivables	18,568	71,579
-Accounts and other payables	4,570	(50,977)
Cash generated from operations	294,793	122,946
Employees' end of service benefits paid	(338)	(2,235)
Net cash from operating activities	294,455	120,711
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment and capital work in progress	(1,604)	(7,096)
Additions to financial assets at fair value through other comprehensive income -equity instruments	(6,688)	(5,705)
Proceeds from disposals of financial assets at fair value through other comprehensive income – equity instruments	1,125	51,305
Dividend income received	6,685	7,640
Rental income received	3,560	2,920
Interest income received	2,246	1,147
Net cash from investing activities	5,324	50,211
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend distribution	(130,706)	(196,059)
Repayment of borrowings	-0-	(91,250)
Net cash (used in) financing activities	(130,706)	(287,309)
Net increase (decrease) in cash and cash equivalents	169,073	(116,387)
Cash and cash equivalents at beginning of the period	295,219	210,797
Cash and cash equivalents at end of the period	464,292	94,410
	=====	=====
SUPPLEMENTARY INFORMATION TO THE INTERIM CONDENSED STATEMENT OF CASH FLOWS		
Non-Cash Transaction:		
Proceeds from disposal of property, plant and equipment transferred to accounts and other payables	43	-0-
	=====	=====

THE ACCOMPANYING NOTES 1 TO 23 CONSTITUTE AN INTEGRAL PART OF THESE
INTERIM CONDENSED FINANCIAL STATEMENTS

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, 2021

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’s 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, 2021 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.

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, 2020. In addition, results for the six months ended June 30, 2021 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2021.

b) Significant Accounting Policies

i) Amendments 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, 2020 and the notes attached thereto, except for certain amendments to the standards that became effective in the current period as described below:

Amendments to Standards	Effective Date
Interest Rate Benchmark Reform – Phase 2 (amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
COVID 19 Related Rent Concessions – IFRS 16	June 01, 2020
The above 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) **New and amendments to IFRSs issued but not yet effective**

The following new, amendments and improvements 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;

New Standard		Effective Date
IFRS 17	Insurance Contracts	January 01, 2023
Amendments to the Standards		Effective Date
IAS 28 &	Sale or Contribution of Assets between an Investor	Deferred
IFRS 10	and its Associate or Joint Venture	Indefinitely
IAS 1	Classification of Liabilities as Current/Non-current	January 01, 2023
IAS 16	Proceeds Before Intended Use	January 01, 2022
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	January 01, 2022
IFRS 3	Reference to the Conceptual Framework	January 01, 2022
In addition to the above as part of annual improvements to IFRS standards 2018-2020 cycle, the following standards have been amended;		
IFRS 1	Subsidiary as a first-time adopter	January 01, 2022
IFRS 9	Fees test for derecognition of financial liabilities	January 01, 2022
IAS 41	Taxation in fair value measurement	January 01, 2022
IFRS 16	Reimbursement of Leasehold Improvements	Yet to determine

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, 2020.

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, 2020.

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, 2021

Description	Cement (QR '000)	Sand (QR '000)	Others (QR '000)	Total (QR '000)
Revenue	330,689	74,816	4,501	410,006
Cost of sales	(219,784)	(56,112)	(1,969)	(277,865)
Gross profit	110,905	18,704	2,532	132,141
Other income	-0-	-0-	15,065	15,065
Expenses related to amicable legal claims	(34,487)	-0-	-0-	(34,487)
Selling & distribution expenses	(8,222)	(1,860)	(112)	(10,194)
General & admin expenses	(6,617)	(1,497)	(90)	(8,204)
Share of (loss) from associates	-0-	-0-	(42)	(42)
Profit for the period	61,579	15,347	17,353	94,279

For the six months ended June 30, 2020

Description	Cement (QR '000)	Sand (QR '000)	Others (QR '000)	Total (QR '000)
Revenue	230,917	55,579	4,068	290,564
Cost of sales	(178,141)	(41,684)	(3,523)	(223,348)
Gross profit	52,776	13,895	545	67,216
Other income	-0-	-0-	14,429	14,429
Selling & distribution expenses	(2,774)	(668)	(49)	(3,491)
General & admin expenses	(8,058)	(1,940)	(142)	(10,140)
Share of profit from associates	-0-	-0-	272	272
Profit for the period	41,944	11,287	15,055	68,286

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

a) Movement during the period/year were as follows:	June 30, 2021 (QR '000) (Reviewed)	Dec. 31, 2020 (QR '000) (Audited)
Cost		
Balance at beginning of the period/year	4,354,316	4,341,006
Additions during the period/year	1,604	13,310
Disposals during the period/year	(43)	-0-
Balance at end of the period/year	4,355,877	4,354,316
Accumulated Depreciation/Impairment		
Balance at beginning of the period/year	2,469,050	2,323,152
Charge for the period/year	57,171	145,898
On disposals	(2)	-0-
Balance at end of the period/year	2,526,219	2,469,050
Net book value at end of the period/year – Exhibit A	1,829,658	1,885,266
	=====	=====

- b) The Company's cement plants, sand 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, the Company is continuing operations at the site.
- c) With effective from June 01, 2016, the Cement Plant I had been discontinued and the management in the process of ascertaining the possible measures for its disposal. The subject plant will be classified as held for sale upon it meets the criteria as promulgated by IFRS 5 – Non Current Assets Held for Sale and Discontinued Operation.
- d) On April 01, 2020, the operation of the Cement Plants IV& V have been suspended until further notice due to COVID 19 impacts.

e) **Changes in Useful Life of Property, Plant and Equipment**

In general, the residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each reporting period and adjusted prospectively, if appropriate. The major influential factors and assumptions used for the estimation of useful life of the property, plant and equipment are not materially deviated during the reporting period.

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. The decision was taken on the grounds that these plants had been suspended with effective from April 01, 2020 until further notice. Hence, the plants are under-utilized and idled for unspecified period which require reassessment of the useful life estimates used in the depreciation calculation.

Such reassessment was determined based on independent consultants report dated July 23, 2020 along with high level involvement of the management's judgment and assumptions. Pursuant to consultant's report with effective from July 01, 2020, the useful lives have been revised 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, 2021 (QR '000) (Reviewed)	Dec. 31, 2020 (QR '000) (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	38,371	37,917
Charge for the period/year	225	454
Balance at end of the period/year	<u>38,596</u>	<u>38,371</u>
Net book value at end of the period/year – Exhibit A	<u>3,961</u> =====	<u>4,186</u> =====

b) The interim condensed statement of profit or loss includes a sum of QR.3.56 million as rental income from the above investment properties for the six months ended June 30, 2021 (June 30, 2020: QR.2.92 million).

c) The fair value of the investment properties amounting to QR.200.68 million as at December 31, 2020 and June 30, 2021 were determined by an accredited independent appraiser. 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. Further, the management of the Company presumes that the fair value of the above investment properties as of December 31, 2020 and June 30, 2021 are not materially differ from the valuation date (January 12, 2021).

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, 2021 (QR '000) (Reviewed)	Dec. 31, 2020 (QR '000) (Audited)
Qatar Saudi Gypsum Industries Co.	33.33	31,586	30,891
Qatar Quarries & Building Materials Co.	20.00	22,320	22,294
Total – Exhibit A & Note 6(b)		<u>53,906</u> =====	<u>53,185</u> =====

b) Movements during the period/year were as follows:	June 30, 2021 (QR '000) (Reviewed)	Dec. 31, 2020 (QR '000) (Audited)
Balance at beginning of the period/year	53,185	53,503
Share of (loss) profit for the period/year	(42)	1,063
Net changes in fair value reserves for the period/year	763	(1,381)
Balance at end of the period/year – Note 6(a)	<u>53,906</u> =====	<u>53,185</u> =====

- c) The share of net assets of associates were derived based on the investees' latest available financial statements (December 31, 2020).

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, 2021 (QR '000) (Reviewed)	Dec. 31, 2020 (QR '000) (Audited)
Balance at beginning of the period/year	206,621	225,558
Additions during the period/year	6,688	25,280
Disposals during the period/year	(1,125)	(53,074)
Net changes in fair value for the period/year	(14,688)	8,857
Balance at end of the period/year – Exhibit A	<u>197,496</u> =====	<u>206,621</u> =====

8) INVENTORIES

a) This item consists of the following:	June 30, 2021 (QR '000) (Reviewed)	Dec. 31, 2020 (QR '000) (Audited)
Work in progress	262,733	356,827
Spare parts	102,167	109,768
Raw materials	69,036	77,229
Finished goods	22,119	14,664
Fuel, oil and lubricants	1,250	1,386
Others	4,455	3,892
Sub total	<u>461,760</u>	<u>563,766</u>
Provision for obsolete and slow moving inventories-Note 8(b)	(22,036)	(22,036)
Net	<u>439,724</u>	<u>541,730</u>
Goods in transit	6,116	1,349
Total – Exhibit A	<u>445,840</u> =====	<u>543,079</u> =====

b) Provision for Obsolete and Slow Moving Inventories			
Movements during the period/year were as follows:			
	June 30, 2021	Dec. 31, 2020	
	(QR '000)	(QR '000)	
	(Reviewed)	(Audited)	
Balance at beginning of the period/year	22,036	21,164	
Provision for the period/year	-0-	872	
Balance at end of the period/year – Note 8(a)	22,036	22,036	
	=====	=====	
9) ACCOUNTS AND OTHER RECEIVABLES			
This item consists of the following:			
	June 30, 2021	Dec. 31, 2020	
	(QR '000)	(QR '000)	
	(Reviewed)	(Audited)	
Accounts receivable	287,649	318,821	
Less: Provision for expected credit losses	(4,045)	(4,045)	
Net accounts receivable	283,604	314,776	
Advances to suppliers	13,532	5,671	
Prepayments and other receivables	10,618	5,875	
Total – Exhibit A	307,754	326,322	
	=====	=====	
10) CASH AND CASH EQUIVALENTS			
This item consists of the following:			
	June 30, 2021	Dec. 31, 2020	
	(QR '000)	(QR '000)	
	(Reviewed)	(Audited)	
Cash in hand	306	-0-	
Cash at current and call accounts	15,986	7,219	
Short term fixed deposits	448,000	288,000	
Total – Exhibit A	464,292	295,219	
	=====	=====	
11) SHARE CAPITAL			
This item consists of the following:			
	June 30, 2021	Dec. 31, 2020	
	(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, 2021	Dec. 31, 2020	
	(QR '000)	(QR '000)	
	(Reviewed)	(Audited)	
Balance at beginning of the period/ year	50,393	50,128	
Net changes in fair value for the period/year	(14,688)	8,857	
De-recognition of fair value reserve upon disposals	(148)	(8,592)	
Balance at end of the period/year – Exhibit A	35,557	50,393	
	=====	=====	

13) SHARE OF FAIR VALUE RESERVES OF ASSOCIATES

Movements during the period/year were as follows:	June 30, 2021 (QR '000) (Reviewed)	Dec. 31, 2020 (QR '000) (Audited)
Balance at beginning of the period/year	8,843	10,224
Net changes in fair value for the period/year	763	(1,381)
Balance at end of the period/year – Exhibit A	<u>9,606</u> =====	<u>8,843</u> =====

14) ACCOUNTS AND OTHER PAYABLES

a) This item consists of the following:	June 30, 2021 (QR '000) (Reviewed)	Dec. 31, 2020 (QR '000) (Audited)
Accruals against energy suppliers – Note 14(c)	102,926	103,912
Amicable legal claims payable – Note 14(e)	34,487	-0-
Dividend payable	95,422	92,366
Accruals and provisions	30,336	23,225
Accounts payable	21,651	16,259
Advance from customers/ contract liabilities	5,185	6,473
Short term retention payable	1,459	1,461
Provisions for social and sports fund contribution	-0-	3,711
Directors' remuneration payable	-0-	5,398
Others	6,777	6,424
Total – Note 14(b)	<u>298,243</u> =====	<u>259,229</u> =====

- b) Based on the maturities, accounts and other payables are classified in the interim condensed statement of financial position as follows:

	June 30, 2021 (QR '000) (Reviewed)	Dec. 31, 2020 (QR '000) (Audited)
Long term portion – Exhibit A	20,692	-0-
Short term portion – Exhibit A	277,551	259,229
Total – Note 14(a)	<u>298,243</u> =====	<u>259,229</u> =====

- c) Pursuant to the Gas Sales and Purchase Agreement with Government based entity (M/s. Qatar Petroleum) 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 above energy suppliers as follows:

	June 30, 2021 (QR '000) (Reviewed)	Dec. 31, 2020 (QR '000) (Audited)
M/s. Qatar General Electricity & Water Corporation*	99,991	101,159
M/s. Qatar Petroleum **	2,935	2,753
Total – Note 14(a)	<u>102,926</u> =====	<u>103,912</u> =====

- * The company has signed three separate agreements (for plants III, IV&V) for the use of electricity where it obligated to pay differences between actual and minimum energy utilization as stipulated in the agreements. However, as a result of suspension of operations for the plants number IV and V with effective from April 01, 2020 and as per the applicability of contractual force majeure clauses, no amounts has been accrued based on minimum quantities utilization for the above plants for the period from April 01, 2020.

As disclosed 20(c), the company is in the process of obtaining official acknowledgement from the respective supplier. In addition, as disclosed in note 20(b), the company is in the negotiation process with the above supplier for the additional amounts claimed by them for the electricity utilization.

- ** The company has signed two separate agreements (one for plants I, II&III and another one for plants IV&V) for the use of gas where it obligated to pay differences between actual and minimum energy utilization as stipulated in the agreement. However, as a result of suspension of operations for the plants number IV and V with effect from April 01, 2020 and as per the contractual force majeure clauses and on the confirmation from the supplier, no amounts has been accrued based on minimum quantities utilization for the above plants for the period from April 01, 2020 [Note 20 (c)].

- d) During the six months ended June 30, 2021, the company has received certain concession (revised tariff) for the electricity utilization related to plants III, IV and V from M/s. Qatar General Electricity & Water Corporation. However, the company is in the process of obtaining final confirmation from the above supplier to ascertain total concession entitlements. Upon receipt of final confirmation, the respective adjustments will be made in the subsequent financial statements as promulgated by the International Financial Reporting Standards.
- e) In 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 [Note 14(a) and Exhibit B] in 5 equal annual installments commencing from June 01, 2021. Consequently, as promulgated by the International Financial Reporting Standards, the present obligation in this regard has been charged to interim condensed statement of profit or loss for the six months ended June 30, 2021.

15) OTHER INCOME

This item consists of the following:

	Six months ended June 30, 2021 (QR '000) (Reviewed)	Six months ended June 30, 2020 (QR '000) (Reviewed)
Dividend income	6,685	7,640
Rental income from investment properties –Note 5(b)	3,560	2,920
Interest income	2,246	1,147
Transportation income	665	246
Gain on disposal of property, plant and equipment	2	-0-
Others	1,907	2,476
Total – Exhibit B	15,065 =====	14,429 =====

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, 2021 (Reviewed)	Six months ended June 30, 2020 (Reviewed)
Profit attributable to ordinary shareholders of the Company (QR'000)	94,279 =====	68,286 =====
Weighted average number of ordinary shares outstanding ('000)	653,529 =====	653,529 =====
Basic earnings per share (QR.) – Exhibit B	0.144 =====	0.104 =====

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 23, 2021, it was decided a cash dividend distribution of 20% of the paid up capital totaling QR.130,705,788 relating to the year ended December 31, 2020 (December 31, 2020: cash dividend distribution of 30% of the paid up capital totaling QR.196,058,682 relating to the year ended December 31, 2019).

18) **INTANGIBLE ASSETS**

a) Movements during the period/year were as follows:	June 30, 2021 (QR '000) (Reviewed)	Dec. 31, 2020 (QR '000) (Audited)
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	5,872	5,872
Balance at end of the period/year	5,872	5,872
Net book value at end of the period/year	-0- =====	-0- =====
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 Petroleum and Qatar General Electricity and Water Corporation for the natural gas and electricity for power supply.

The rental income includes a sum of QR.2.5 million for the six months ended June 30, 2021 (June 30, 2020: 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, 2021, the Company has paid a sum of QR.0.30 million (June 30, 2020: QR.0.30 million) to members of the Committees of the Board of Directors and salaries and benefits paid to key members of management amounted to QR.3.05 million (June 30, 2020: QR.2.77 million).

20) COMMITMENTS, CONTINGENCIES AND LITIGATIONS

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

	June 30, 2021 (QR '000) (Reviewed)	Dec. 31, 2020 (QR '000) (Audited)
Letters of credit and guarantee	2,400	61
	=====	=====

- b) The company has received a letter 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. In addition during 2020, the company has received a notification from M/s. Qatar General Electricity & Water Corporation (Kahramaa) to pay all outstanding claims along with additional penalties. Should this resolution by the Minister and notification from Kahramaa be final and implemented, the Company will have to accrue sum of QR.76.58 million for electricity supply take-or-pay agreements for the years from 2009 to December 2017 and a sum of QR.25.10 million penalty charges. The Company is in discussion with relevant parties in the State of Qatar and in the process of ascertaining final and conclusive outcome of the above subject discussion. Accordingly, respective adjustments will be made as promulgated by International Financial Reporting Standards.
- c) The company had suspended the operations of plants IV and V with effect from April 01, 2020. As a result and as per contractual force majeure clauses, the company has not accrued energy dues applicable for the above suspended plants. The decision was communicated to energy suppliers (M/s. Qatar Petroleum and M/s. Qatar General Electricity and Water Corporation) to be compliance with the terms and conditions of the contract agreements. However, as of the reporting date, the company is in the process of obtaining official acknowledgement and approval from the energy suppliers for not to accrue any energy payables to them and attempting to receive final sanction from the above energy suppliers.

d) Litigation

There were no reportable legal litigation against or in favor of the company as of reporting date. However, as disclosed in the annual financial statements of the company for the year ended December 31, 2020: "During 2017, the Ministry of Municipality and Environment filed a lawsuit against the Company for extracting raw materials used in cement industry from outside the designated areas during the period from 2008 to 2011. The Ministry was claiming an amount of QR.69 million as compensation including litigation fees and expenses. The Company had 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".

Until the final amicable settlement was agreed on March 31, 2021 and Court verdict dated May 27, 2021, the company was confident that the resolution of the case did not have any impact on the company's financial statements and there were no probable obligation were existed related to the above case. However, based on the outcome of the court verdict and amicable decision, the company is obligated to settle an amount of QR.34,487,332 at 5 equal annual installments with effective from June 01, 2021.

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) IMPACT OF COVID-19

The coronavirus (COVID-19) steep spread across the world led the World Health Organization to declare it as pandemic and a global health emergency. Numerous sectors of the global economy are effected and the long term economic and business consequence remain un-known which lead to uncertainties in the global economic environment. However, the severity of the pandemic was controlled as a result of effective and rigorous approach adopted by the Government of Qatar, hence, impact to the Qatari Economy was limited.

Since the construction activities of the country were not suspended during the pandemic, the company was able to continuously provide its products to the market. However, as a result of reductions in demand for cement and other related products, the company has suspended productions from Plant IV and V with effective from April 01, 2020 until further notice. Consequently, the company has reduced its employees considerably during the period from April 01, 2020 until June 30, 2021 and has not made provisions for the utilization of electricity and gas as per the contractual arrangements with energy suppliers applicable for plants IV and V during the period from April 2020. In contrast, during the current period, the company was able to accelerate revenue to cope current market demands through optimize use of plant III.

The board of directors have performed an reasonable assessment of COVID-19 based on the available guidance, historical experience, industry benchmark and other factors that are considered to be relevant on the company's all aspects. The details of the areas where the high level of assessment carried out are as follows;

Use of Estimates and Judgments

In the application of the company's accounting policies, the Board of Directors has assessed potential impacts of the current economic volatility in determination of the reported amounts of the company's financial and non-financial assets. The judgments, estimates and assumptions are board of directors' best assessment and determined based on the available information. In addition, the company has specifically analyzed the impacts of pandemic when determining Expected Credit Losses where forward looking factors and general economic conditions of the industry in which the debtors operate are assessed to ensure that no significant credit risk exposures as of the reporting date.

Going Concern

The company continues to adopt the going concern basis in preparing its interim condensed financial statements for the period ended June 30, 2021. The uncertainty as to future impact on the company, due to COVID 19 has been critically assessed by the board of directors. Thus, the management is not aware of any material uncertainties that may cast significant doubt about the company's ability to continue as a going concern.

Events After The Reporting Period

The board of directors assessed, the effect of COVID 19 on the company as and when identified or available for their attention. The implications of the pandemic are challenging, ongoing and the outcome of this event is unknown and therefore, the impact of the company for conditions that arose after the reporting period may not be identifiable and quantifiable at the time of issuance of these interim condensed financial statements. However, if any major events will be taken place, those will be considered, adjusted and disclosed accordingly in the subsequent financial statements which will be prepared for the company.

Based on all the above assessments and after considering all the adjustments, it has been confirmed by the management that there are no significant impact to the company due to COVID 19. Hence, no changes would or will be taken place on the reported balances as at June 30, 2021.

23) GENERAL

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