

**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, 2022**

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, 2022 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 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.
- Note 14(e), where the company is in the process of negotiating the settlement plan with the energy supplier of gas and intended to settle after recording take-or-pay claims and fulfillment of all other contractual obligation related to the above energy supplies.

Our conclusion is not modified in respect of above matters.

TALAL ABU-GHAZALEH & CO.

Hazim Al Surkhi, CPA
(Licence No.119)
QFMA Licence No. 120152
Doha, August 3, 2022



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, 2022

	Note	June 30, 2022 (QR '000) (Reviewed)	Dec. 31, 2021 (QR '000) (Audited)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment and capital work in progress	-4-	1,705,798	1,760,673
Investment properties	-5-	3,508	3,733
Investment in associates	-6-	48,653	46,299
Financial assets at fair value through other comprehensive income-equity instruments	-7-	227,913	208,930
Total Non-Current Assets		<u>1,985,872</u>	<u>2,019,635</u>
CURRENT ASSETS			
Inventories	-8-	313,620	378,084
Accounts and other receivables	-9-	364,507	356,406
Cash and cash equivalents	-10-	699,221	698,847
Total Current Assets		<u>1,377,348</u>	<u>1,433,337</u>
Total Assets		<u>3,363,220</u> =====	<u>3,452,972</u> =====
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-	57,186	46,089
Share of fair value reserves of associates	-13-	9,997	8,668
Retained earnings		1,933,448	2,016,876
Total Equity – Exhibit D		<u>2,980,924</u>	<u>3,051,926</u>
NON-CURRENT LIABILITIES			
Employees' end of service benefits		16,874	11,205
Accounts and other payables – long term	-14(b)-	128,484	164,054
Total Non-Current Liabilities		<u>145,358</u>	<u>175,259</u>
CURRENT LIABILITIES			
Accounts and other payables –short term	-14(b)-	236,938	225,787
Total Liabilities		<u>382,296</u>	<u>401,046</u>
Total Equity and Liabilities		<u>3,363,220</u> =====	<u>3,452,972</u> =====

These interim condensed financial statements were approved by the Board of Directors on August 03, 2022 and signed on its behalf by:


Sulaiman Khalid Al-Mana
Deputy Chairman


Khaled Sultan K. KH. Al-Rabban
Managing Director

THE ACCOMPANYING NOTES 1 TO 22 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, 2022

	Note	Six months ended June 30, 2022 (QR '000) (Reviewed)	Six months ended June 30, 2021 (QR '000) (Reviewed)
Revenue		386,510	410,006
Cost of sales		(284,476)	(277,865)
Gross profit		102,034	132,141
Other income	-15-	19,997	15,065
Expenses related to amicable legal claims	-14(f)-	-0-	(34,487)
Selling and distribution expenses		(4,258)	(10,194)
General and administrative expenses		(8,103)	(8,204)
Share of profit (loss) from associates		1,525	(42)
Profit for the period – Exhibits C, D&E		111,195	94,279
		=====	=====
Earnings per share			
Basic earnings per share (QR.)	-16-	0.170	0.144
		=====	=====
Diluted earnings per share (QR.)	-16-	0.170	0.144
		=====	=====

THE ACCOMPANYING NOTES 1 TO 22 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, 2022**

	Six months ended June 30, 2022 (QR '000) (Reviewed)	Six months ended June 30, 2021 (QR '000) (Reviewed)
Profit for the period – Exhibit B	111,195	94,279
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	1,329	763
<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	12,533	(14,688)
Other comprehensive income (loss) for the period – Exhibit D	13,862	(13,925)
Total comprehensive income for the period – Exhibit D	125,057	80,354
	=====	=====

THE ACCOMPANYING NOTES 1 TO 22 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, 2022

	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, 2021 (REVIEWED)						
Balance as at December 31, 2020- Restated (Audited)	653,529	326,764	50,393	8,843	1,928,506	2,968,035
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-	(14,688)
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 – Restated	653,529	326,764	35,557	9,606	1,892,227	2,917,683
SIX MONTHS ENDED JUNE 30, 2022 (REVIEWED)						
Balance as at December 31, 2021 – Exhibit A (Audited)	653,529	326,764	46,089	8,668	2,016,876	3,051,926
Total comprehensive income for the period	-0-	-0-	-0-	-0-	111,195	111,195
Profit for the period – Exhibit B	-0-	-0-	-0-	-0-	-0-	-0-
Other comprehensive income	-0-	-0-	-0-	1,329	-0-	1,329
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-	12,533	-0-	-0-	12,533
Other comprehensive income for the period – Exhibit C	-0-	-0-	12,533	1,329	-0-	13,862
Total comprehensive income for the period – Exhibit C	-0-	-0-	12,533	1,329	111,195	125,057
Dividend distribution for the year 2021 – Note 17	-0-	-0-	-0-	-0-	(196,059)	(196,059)
De-recognition of fair value reserve upon disposals – equity instruments	-0-	-0-	(1,436)	-0-	1,436	-0-
Balance as at June 30, 2022 – Exhibit A	653,529	326,764	57,186	9,997	1,933,448	2,980,924

THE ACCOMPANYING NOTES 1 TO 22 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, 2022

	Six months ended June 30, 2022 (QR '000) (Reviewed)	Six months ended June 30, 2021 (QR '000) (Reviewed)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period – Exhibit B	111,195	94,279
Adjustments for:		
Depreciation of property, plant and equipment and investment properties	56,310	57,396
Dividend income	(8,776)	(6,685)
Interest income	(6,000)	(2,246)
Share of (profit) loss from associates	(1,525)	42
Rental income	(4,647)	(5,220)
(Gain) on disposal of property, plant and equipment	-0-	(2)
Provision for employees' end of service benefits	6,000	705
Operating profit before working capital changes	152,557	138,269
Changes in operating assets and liabilities		
-Inventories	64,464	97,239
-Accounts and other receivables	(8,101)	18,568
-Accounts and other payables	(24,419)	39,057
Cash generated from operations	184,501	293,133
Employees' end of service benefits paid	(331)	(338)
Net cash from operating activities	184,170	292,795
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment and capital work in progress	(1,210)	(1,604)
Additions to financial assets at fair value through other comprehensive income -equity instruments	(11,478)	(6,688)
Proceeds from disposals of financial assets at fair value through other comprehensive income – equity instruments	5,028	1,125
Dividend income received from associate	500	-0-
Dividend income received	8,776	6,685
Rental income received	4,647	5,220
Interest income received	6,000	2,246
Net cash from investing activities	12,263	6,984
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend distribution	(196,059)	(130,706)
Net cash (used in) financing activities	(196,059)	(130,706)
Net increase in cash and cash equivalents	374	169,073
Cash and cash equivalents at beginning of the period	698,847	295,219
Cash and cash equivalents at end of the period	699,221	464,292
	=====	=====
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	-0-	43
	=====	=====

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



Talal Abu-Ghazaleh & Co.
Qatar Office

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, 2022

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, 2022 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, 2021. In addition, results for the six months ended June 30, 2022 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2022.

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, 2021 and the notes attached thereto, except for certain amendments and annual improvements to the standards that became effective in the current period as described below:

Amendments to the Standards		Effective Date
IFRS 3	Reference to the Conceptual Framework	January 01, 2022
IAS 16	Proceeds Before Intended Use	January 01, 2022
IFRS 16	COVID-19 Related Rent Concessions beyond June 30, 2021	January 01, 2022
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	January 01, 2022
In addition to the above as part of annual improvements to IFRS standards 2018-2020 cycle, the following standards have been issued and became effective:		
IFRS 1	Subsidiary as a first-time adopter	January 01, 2022
IFRS 9	Fees test for derecognition of financial liabilities	January 01, 2022
IFRS 16	Lease incentive	January 01, 2022
IAS 41	Taxation in fair value measurement	January 01, 2022

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 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
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, 2021.

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, 2021.

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, 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
Expenses related to amicable legal claims	-0-	-0-	-0-	-0-
Selling & distribution expenses	(3,710)	(522)	(26)	(4,258)
General & admin 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

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

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

a) Movement during the period/year were as follows:	June 30, 2022 (QR '000) (Reviewed)	Dec. 31, 2021 (QR '000) (Audited)
Cost		
Balance at beginning of the period/year	4,358,122	4,354,316
Additions during the period/year	1,210	3,848
Disposals during the period/year	-0-	(42)
Balance at end of the period/year	4,359,332	4,358,122
Accumulated Depreciation/Impairment		
Balance at beginning of the period/year	2,597,449	2,469,050
Charge for the period/year	56,085	114,519
On disposals	-0-	(1)
Impairment for the period/year	-0-	13,881
Balance at end of the period/year	2,653,534	2,597,449
Net book value at end of the period/year – Exhibit A	1,705,798	1,760,673

- 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, 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 and Net Realizable Value of Inventories

- 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. As such, as of December 31, 2021, fair value of property, plant and equipment and inventories related to Cement Plant I was determined to ensure recoverable value and net realizable value respectively.
- Based on appraiser's valuation report dated November 29, 2021 (deemed valued date assumed to be December 31, 2021), the recoverable and net realizable value of 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 and net realizable value were determined based on the best industry practice, prevailing market conditions of the assets and sources of market comparable data.
- The carrying value, recoverable value and net realizable value of the identifiable assets and respective impairment and decline in net realizable value as of December 31, 2021 are as follows:

Description	Amount (QR '000)			
	Carrying Value	Recoverable & Net Realizable Value	Impairment	Decline in Net Realizable value
Property, plant & equipment				
Building and machinery	141	4,595	-0-	--
Plant, equipment and tools	14,829	967	13,862	--
Motor vehicles	19	-0-	19	--
Total	14,989	5,562	13,881	--
	=====	=====	=====	=====
Inventories				
Spare parts	3,664	1,850	--	1,814
	=====	=====	=====	=====

- d)** On April 01, 2020, the operation of the Cement Plants IV & V have been suspended until further notice due to COVID 19 impacts and other externalities.

e) 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. 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 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, 2022 (QR '000) (Reviewed)	Dec. 31, 2021 (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	38,824	38,371
Charge for the period/year	225	453
Balance at end of the period/year	<u>39,049</u>	<u>38,824</u>
Net book value at end of the period/year – Exhibit A	<u>3,508</u> =====	<u>3,733</u> =====

b) The interim condensed statement of profit or loss includes a sum of QR.3.02 million as rental income from the above investment properties for the six months ended June 30, 2022 (June 30, 2021: QR.3.56 million).

c) The fair value of the investment properties amounting to QR.187.35 million as at December 31, 2021 and June 30, 2022 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, 2021 and June 30, 2022 are not materially differ from the valuation date (January 23, 2022).

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, 2022 (QR '000) (Reviewed)	Dec. 31, 2021 (QR '000) (Audited)
Qatar Saudi Gypsum Industries Co.	33.33	32,989	30,891
Qatar Quarries & Building Materials Co.	20.00	15,664	15,408
Total – Exhibit A & Note 6(b)		<u>48,653</u> =====	<u>46,299</u> =====

b) Movements during the period/year were as follows:	June 30, 2022 (QR '000) (Reviewed)	Dec. 31, 2021 (QR '000) (Audited)
Balance at beginning of the period/year	46,299	53,185
Share of profit for the period/year	1,525	1,830
Dividend received	(500)	(1,333)
Net changes in fair value reserves for the period/year	1,329	(175)
Equal share reduction of associate *	-0-	(7,208)
Balance at end of the period/year – Note 6(a)	<u>48,653</u> =====	<u>46,299</u> =====

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

* The associate has reduced its share capital during the year 2021 on an equal proportion, as a result, the company is entitled for consideration of QR.7.21 million (apportionment of QR.36.03 million).

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, 2022 (QR '000) (Reviewed)	Dec. 31, 2021 (QR '000) (Audited)
Balance at beginning of the period/year	208,930	206,621
Additions during the period/year	11,478	7,762
Disposals during the period/year	(5,028)	(1,307)
Net changes in fair value for the period/year	12,533	(4,146)
Balance at end of the period/year – Exhibit A	227,913	208,930

8) **INVENTORIES**

a) This item consists of the following:	June 30, 2022 (QR '000) (Reviewed)	Dec. 31, 2021 (QR '000) (Audited)
Work in progress	143,425	204,595
Spare parts	97,892	102,625
Raw materials	69,070	64,044
Finished goods	25,684	25,636
Fuel, oil and lubricants	1,073	1,117
Others	2,382	4,181
Sub total	339,526	402,198
Provision for obsolete and slow moving inventories-Note 8(b)	(26,365)	(26,365)
Net	313,161	375,833
Goods in transit	459	2,251
Total – Exhibit A	313,620	378,084

b) **Provision for Obsolete and Slow Moving Inventories**

Movements during the period/year were as follows:	June 30, 2022 (QR '000) (Reviewed)	Dec. 31, 2021 (QR '000) (Audited)
Balance at beginning of the period/year	26,365	22,036
Provision for the period/year-general	-0-	2,515
Decline in net realizable value of spare parts	-0-	1,814
Balance at end of the period/year – Note 8(a)	26,365	26,365

9) **ACCOUNTS AND OTHER RECEIVABLES**

This item consists of the following:	June 30, 2022 (QR '000) (Reviewed)	Dec. 31, 2021 (QR '000) (Audited)
Accounts receivable	342,459	333,112
Less: Provision for expected credit losses	(4,130)	(4,130)
Net accounts receivable	338,329	328,982
Advances to suppliers	10,802	16,209
Prepayments and other receivables	15,376	11,215
Total – Exhibit A	364,507	356,406

10) CASH AND CASH EQUIVALENTS

This item consists of the following:	June 30, 2022 (QR '000) (Reviewed)	Dec. 31, 2021 (QR '000) (Audited)
Cash in hand	31	-0-
Cash at current and call accounts	12,943	7,647
Short term fixed deposits	686,247	691,200
Total – Exhibit A	<u>699,221</u> =====	<u>698,847</u> =====

11) SHARE CAPITAL

This item consists of the following:	June 30, 2022 (Reviewed)	Dec. 31, 2021 (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, 2022 (QR '000) (Reviewed)	Dec. 31, 2021 (QR '000) (Audited)
Balance at beginning of the period/ year	46,089	50,393
Net changes in fair value for the period/year	12,533	(4,146)
De-recognition of fair value reserve upon disposals	(1,436)	(158)
Balance at end of the period/year – Exhibit A	<u>57,186</u> =====	<u>46,089</u> =====

13) SHARE OF FAIR VALUE RESERVES OF ASSOCIATES

Movements during the period/year were as follows:	June 30, 2022 (QR '000) (Reviewed)	Dec. 31, 2021 (QR '000) (Audited)
Balance at beginning of the period/year	8,668	8,843
Net changes in fair value for the period/year	1,329	(175)
Balance at end of the period/year – Exhibit A	<u>9,997</u> =====	<u>8,668</u> =====

14) **ACCOUNTS AND OTHER PAYABLES**

a) This item consists of the following:	June 30, 2022	Dec. 31, 2021
	(QR '000)	(QR '000)
	(Reviewed)	(Audited)
Accruals against energy suppliers – Note 14(c)	197,177	212,325
Amicable legal claims payable – Note 14(f)	20,692	27,590
Accruals and provisions	20,343	15,668
Dividends payable	98,330	93,705
Accounts payable	18,752	17,337
Advances from customers	6,622	5,171
Directors' remuneration payable	-0-	7,750
Provision for social and sports fund contribution	-0-	5,613
Retention payable	574	574
Other payables	2,932	4,108
Total – Note 14(b)	<u>365,422</u>	<u>389,841</u>
	=====	=====

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

	June 30, 2022	Dec. 31, 2021
	(QR '000)	(QR '000)
	(Reviewed)	(Audited)
Long term portion – Exhibit A	128,484	164,054
Short term portion – Exhibit A	236,938	225,787
Total – Note 14(a)	<u>365,422</u>	<u>389,841</u>
	=====	=====

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, 2022	Dec. 31, 2021
	(QR '000)	(QR '000)
	(Reviewed)	(Audited)
M/s. Qatar General Electricity & Water Corporation- Note 14(d)	152,715	182,244
M/s. Qatar Energy- Note 14(e)	44,462	30,081
Total – Note 14(a)	<u>197,177</u>	<u>212,325</u>
	=====	=====

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

- The company has signed three separate 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. Hence, the followings are contractual dues as of reporting date:

	June 30, 2022	Dec. 31, 2021
	(QR '000)	(QR '000)
	(Reviewed)	(Audited)
Take-or-pay claims from supplier	148,050	179,204
Utilization claims from supplier	4,665	3,040
Total – Note 14(c)	<u>152,715</u>	<u>182,244</u>
	=====	=====

- During the year 2021, the company entered addendums to “Bulk Supply Agreement” 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 (note 21).

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 irrespective of their suspension of operations with effective from April 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 actual gas consumption have been recorded as of reporting date. However, the company intends to apply take-or-pay provision applicable for the six-months period ended June 30, 2022 during subsequent period and 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. Consequently, as promulgated by the International Financial Reporting Standards, the effect of financial obligation in this regard amounting to QR. 34,487,332 (Exhibit B) was charged to interim condensed statement of profit or loss for the period ended June 30, 2021.

Based on the maturities, the financial obligations to the Ministry of Municipality and Environment are classified in the interim condensed statement of financial position as follows:

	June 30, 2022 (QR '000) (Reviewed)	Dec. 31, 2021 (QR '000) (Audited)
Long term portion	13,795	20,693
Short term portion	6,897	6,897
Total – Note 14(a)	20,692	27,590
	=====	=====

15) **OTHER INCOME**

a) This item consists of the following:	Six months ended June 30, 2022 (QR '000) (Reviewed)	Six months ended June 30, 2021 (QR '000) (Reviewed)
Dividend income	8,776	6,685
Rental income from investment properties –Note 15(b)	4,647	5,220
Interest income	6,000	2,246
Transportation income	299	665
Gain on disposal of property, plant and equipment	-0-	2
Others	275	247
Total – Exhibit B	<u>19,997</u> =====	<u>15,065</u> =====

- b) Included a sum of QR.1,631,233 earned from certain properties which are attached and integral part of property, plant and equipment (Six months ended June 30, 2021: QR. 1,659,886).

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, 2022 (Reviewed)	Six months ended June 30, 2021 (Reviewed)
Profit attributable to ordinary shareholders of the Company (QR'000)	111,195 =====	94,279 =====
Weighted average number of ordinary shares outstanding ('000)	653,529 =====	653,529 =====
Basic earnings per share (QR.) – Exhibit B	<u>0.170</u> =====	<u>0.144</u> =====

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 28, 2022, 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, 2021 (December 31, 2021: cash dividend distribution of 20% of the paid up capital totaling QR.130,705,788 relating to the year ended December 31, 2020).

18) **INTANGIBLE ASSETS**

a) Movements during the period/year were as follows:	June 30, 2022 (QR '000) (Reviewed)	Dec. 31, 2021 (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, 2022 (June 30, 2021: 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, 2022, the Company has paid a sum of QR.0.30 million (June 30, 2021: 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.6.72 million (June 30, 2021: QR.3.05 million).

20) COMMITMENTS, CONTINGENCIES AND LITIGATIONS

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

	June 30, 2022 (QR '000) (Reviewed)	Dec. 31, 2021 (QR '000) (Audited)
Letters of credit and guarantee	2,082	-0-
	=====	=====

b) Litigation

There were no reportable legal litigation 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 AND RESTATEMENT

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. However, as disclosed to the annual audited financial statements of the company for the year ended December 31, 2021 certain prior period omissions related to take-or-pay rates for power supply amounting to QR.76,025,117 had been corrected retrospectively as those prior period omissions had never occurred.

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.