

QASSIM CEMENT COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three-month and nine-month periods ended
30 September 2022
TOGETHER WITH THE INDEPENDENT AUDITOR'S REPORT ON
REVIEW OF THE CONDENSED INTERIM FINANCIAL STATEMENTS

<u>Index</u>	<u>Page</u>
Independent auditor's report on review of condensed interim financial statements	1
Condensed interim statement of financial position	2
Condensed interim statement of profit or loss and other comprehensive income	3
Condensed interim statement of changes in shareholders' equity	4
Condensed interim statement of cash flows	5
Notes to the condensed interim financial statements	6 – 16



KPMG Professional Services

Riyadh Front, Airport Road
P. O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia
Commercial Registration No. 1010425494

Headquarters in Riyadh

كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

المركز الرئيسي في الرياض

Independent auditor's report on review of condensed interim financial statements

To the Shareholders of Qassim Cement Company

Introduction

We have reviewed the accompanying 30 September 2022 condensed interim financial statements of Qassim Cement Company ("the Company"), which comprise:

- The condensed interim statement of financial position as at 30 September 2022;
- The condensed interim statement of profit or loss and other comprehensive income for the three-month and nine months periods ended 30 September 2022;
- The condensed interim statement of changes in equity for the nine months period ended 30 September 2022;
- The condensed interim statement of cash flows for the nine months periods ended 30 September 2022; and
- the notes to the condensed interim financial statements.

Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia. Our responsibility is to express a conclusion on these condensed interim 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" that is endorsed in the Kingdom of Saudi Arabia. A review of 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 the International Standards on Auditing that are endorsed in the Kingdom of Saudi Arabia, 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 30 September 2022 condensed interim financial statements of Qassim Cement Company ("the Company") are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' that is endorsed in the Kingdom of Saudi Arabia.

KPMG Professional Services

Fahad Mubark Aldossari
License No. 469

Riyadh on 15 Rabi-Al-Thani 1444H
Corresponding to: 9 November 2022



KPMG Professional Services, a professional closed joint stock company registered in the Kingdom of Saudi Arabia with the paid-up capital of SAR (25,000,000). Previously known as "KPMG Al Fozan & Partners Certified Public Accountants". A non-partner member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

كي بي إم جي للاستشارات المهنية شركة مساهمة مقفلة، مسجلة في المملكة العربية السعودية، وأبن مالها (٢٥,٠٠٠,٠٠٠) ريال سعودي مدفوع بالكامل، المسماة سابقاً "شركة كي بي إم جي الفوزان وشركاه محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والتابعة لـ كي بي إم جي العالمية المحدودة، شركة انجليزية محدودة بضمان. جميع الحقوق محفوظة.

QASSIM CEMENT COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
As at 30 September 2022
(Saudi Riyal)

	Note	30 September 2022 (Unaudited)	31 December 2021 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	(6)	562,973,895	605,902,096
Projects in progress		78,953,468	25,903,515
Investment properties		9,516,450	9,516,450
Financial investments at fair value through profit or loss 'FVTPL'	(7-a)	40,640,815	69,031,049
Financial investments at amortized cost - non-current portion	(9)	100,000,000	100,000,000
Right-of-use assets		1,529,797	2,080,523
Total non-current assets		793,614,425	812,433,633
Current assets			
Trade receivables		63,656,702	34,739,752
Prepaid expenses and other receivables		23,523,459	15,476,196
Cash and cash equivalents		118,175,986	107,402,465
Inventories	(8)	335,217,689	267,197,534
Financial investments at amortized cost - current portion	(9)	100,000,000	186,300,000
Financial investments at fair value through profit or loss 'FVTPL'	(7-b)	543,884,186	596,413,419
Total current assets		1,184,458,022	1,207,529,366
Total assets		1,978,072,447	2,019,962,999
SHAREHOLDERS' EQUITY AND LIABILITIES			
Equity attributable to the Company's Shareholders			
Share capital	(1)	900,000,000	900,000,000
Statutory reserve		270,000,000	270,000,000
Cumulative changes in other comprehensive income		(3,863,383)	(3,863,383)
Retained earnings		502,907,184	569,436,355
Total shareholders' equity		1,669,043,801	1,735,572,972
Liabilities			
Non-current liabilities			
Provision for rehabilitation of areas subject to franchise license		13,667,820	12,970,997
Employees' benefits obligations		42,360,778	41,231,316
Long-term lease liabilities		790,279	1,326,192
Total Non-current liabilities		56,818,877	55,528,505
Current Liabilities			
Trade and other accounts payable		126,347,108	115,604,220
Dividend payable	(10)	102,024,835	64,308,690
Zakat provision		22,033,811	29,144,597
Other provisions	(16)	983,755	18,983,755
Short-term lease liabilities		820,260	820,260
Total current liabilities		252,209,769	228,861,522
Total liabilities		309,028,646	284,390,027
Total equity and liabilities		1,978,072,447	2,019,962,999

(The accompanying notes 1 to 18 form an integral part of these condensed interim financial statements)

Mr. Masoud Hamid Amin

Finance Director (Authorized)

Eng. Omar Bin Abdullah Al Omar

Chief Executive Officer Board Member

QASSIM CEMENT COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
For the three-month and nine-month periods ended 30 September 2022
(Saudi Riyal)

	For the three-month period ended		For the nine-month period ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
<u>Note</u>				
Sales	166,779,051	170,313,517	461,402,049	591,471,571
Cost of sales	(128,688,866)	(100,658,925)	(350,265,875)	(309,333,341)
Gross profit	38,090,185	69,654,592	111,136,174	282,138,230
Selling and marketing expenses	(2,862,436)	(2,637,252)	(8,625,303)	(8,034,606)
General and administrative expenses	(7,214,912)	(7,321,783)	(19,840,798)	(18,725,667)
Reversal of impairment of trade receivables	352,857	--	1,560,989	--
Other income, net	(12)	1,030,137	16,076,880	1,398,045
Operating income	5,673,964	60,725,694	100,307,942	256,776,002
Unrealized (losses)/ gains on investments at FVTPL, net	(5,153,498)	3,331,295	(12,739,025)	15,411,530
Realized (losses)/ gains on investments at FVTPL, net	(860,678)	1,557,854	2,678,151	3,848,528
Income from financial investments at amortized cost	2,427,778	3,312,223	7,686,969	9,039,167
Finance costs	(256,230)	(273,720)	(776,105)	(828,176)
Profit before Zakat	30,197,030	68,653,346	97,157,932	284,247,051
Zakat	(6,769,103)	(8,268,311)	(19,687,103)	(22,812,406)
Net Profit for the period	23,427,927	60,385,035	77,470,829	261,434,645
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Re-measurement of employees' end-of-service benefits	--	--	--	--
Total comprehensive income	23,427,927	60,385,035	77,470,829	261,434,645
Earnings per share of net income for the period:				
Basic and diluted	(13)	0.67	0.86	2.90

(The accompanying notes 1 to 18 form an integral part of these condensed interim financial statements)

Mr. Masoud Hamid Amin

Finance Director
(Authorized)

Eng. Omar Bin Abdullah Al Omar

Chief Executive Officer Board
Member

QASSIM CEMENT COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the nine-month period ended 30 September 2022
(Saudi Riyal)

For the nine-month period ended 30 September 2021

Balance as of 1 January 2021
Profit for the period
Other comprehensive income
Total comprehensive income
Interim dividends (Note 10)
Balance as at 30 September 2021

				Cumulative changes in the items of other comprehensive income	Total
Share capital	Statutory reserve	Retained earnings			
900,000,000	270,000,000	643,170,058	(4,081,829)	1,809,088,229	
--	--	261,434,645	--	261,434,645	
--	--	--	--	--	
--	--	261,434,645	--	261,434,645	
--	--	(297,000,000)	--	(297,000,000)	
900,000,000	270,000,000	607,604,703	(4,081,829)	1,773,522,874	

For the nine-month period ended 30 September 2022

Balance as at 1 January 2022
Profit for the period
Other comprehensive income
Total comprehensive income
Interim dividends (Note 10)
Balance as at 30 September 2022

900,000,000	270,000,000	569,436,355	(3,863,383)	1,735,572,972
--	--	77,470,829	--	77,470,829
--	--	--	--	--
--	--	77,470,829	--	77,470,829
--	--	(144,000,000)	--	(144,000,000)
900,000,000	270,000,000	502,907,184	(3,863,383)	1,669,043,801

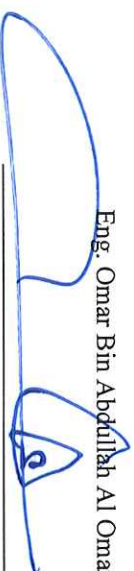
(The accompanying notes 1 to 18 form an integral part of these condensed interim financial statements)

Mr. Masoud Hamid Amin



Finance Director (Authorized)

Eng. Omar Bin Abdullah Al Omar



Chief Executive Officer Board Member

QASSIM CEMENT COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
For the nine-month period ended 30 September 2022
(Saudi Riyal)

	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
Profit for the period	77,470,829	261,434,645
Adjustments:		
Zakat expense	19,687,103	22,812,406
Depreciation of property, plant and equipment	53,692,690	55,162,028
Depreciation of right-of-use assets	550,726	550,726
Reduction of provision for expected credit losses on trade receivables	(1,560,989)	-
Reversal of other provisions	(8,000,000)	-
Provision for obsolete and slow-moving inventory	1,149,698	2,019,224
Unrealized losses/ (gains) on financial investments at FVTPL	12,739,025	(15,411,530)
Revenues of investments at amortized cost	(7,686,968)	(9,039,167)
Employees' benefits obligations	3,941,271	4,467,659
Finance costs	776,106	828,176
	152,759,491	322,824,167
Changes in working capital:		
Inventory	(69,169,853)	6,640,727
Trade receivables	(27,355,961)	(2,352,758)
Prepaid expenses and other receivables	(6,607,431)	52,408,675
Trade and other payables	10,742,888	11,186,010
Used from other provisions	(10,000,000)	(8,787,171)
Employees benefits paid	(2,811,809)	(2,251,484)
Zakat paid	(26,797,889)	(29,364,622)
Net cash generated from operating activities	20,759,436	350,303,544
Investing activities		
Payment for purchase property, plant and equipment	(63,814,442)	(12,195,438)
Paid for purchase of investments at fair value through profit or loss	(74,913,185)	(234,786,220)
Proceeds from sale of investments at fair value through profit or loss	143,093,627	273,917,116
Paid to purchase financial investments at amortized cost	(66,382,875)	(235,000,000)
Proceeds from financial investments at amortized cost	152,682,875	200,000,000
Proceeds from revenues of investments at amortized cost	6,247,136	6,291,306
Net cash generated from/ (used in) investing activities	96,913,136	(1,773,236)
Financing activities		
Lease payments	(615,196)	(615,195)
Dividends paid	(106,283,855)	(300,678,966)
Net cash (used in) financing activities	(106,899,051)	(301,294,161)
Change in cash and cash equivalents during the period	10,773,521	47,236,147
Cash and cash equivalents as at the beginning of the period	107,402,465	66,893,586
Cash and cash equivalents as at the end of the period	118,175,986	114,129,733
Significant non-cash transactions		
Projects in progress transferred to property, plant and equipment	1,895,316	2,149,390

(The accompanying notes 1 to 18 form an integral part of these condensed interim financial statements)

Mr. Masoud Hamid Amin

Finance Director (Authorized)

Eng. Omar Bin Abdullah Al Omar

Chief Executive Officer Board Member

QASSIM CEMENT COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the nine-month period ended 30 September 2022

1. COMPANY INFORMATION

Qassim Cement Company (the “Company”) is a Saudi Joint Stock Company registered in Buraydah in Saudi Arabia under commercial registration number (1131001224) dated 28 Sha’aban 1398H (corresponding to 2 August 1978). The Company was established by the Royal Decree no. M/62 dated 15 Sha’aban 1396H (corresponding to 11 August 1976).

As at 30 September 2022 and 31 December 2021, the share capital of the Company is SR 900 million divided into 90 million shares at SR 10 each.

The Company is engaged in manufacturing and producing cement, its derivatives and supplements, the trade of these products, and carrying out all works directly and indirectly related to this purpose. The Company carries out its activities through its factory located in Buraydah - Qassim.

The Company’s fiscal year shall begin on 1st of January and end on the 31st of December of each Gregorian year.

The registered address of the Company is: P.O. Box 4266 Unit No. 1- Buraydah: 52271-6735, Kingdom of Saudi Arabia.

2. PREPARATION OF THE FINANCIAL STATEMENTS

2-1 Statement of compliance

These condensed interim financial statements for the period ended 30 September 2022 have been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ that is endorsed in the Kingdom of Saudi Arabia and other standards and pronouncements issued by the Saudi Organization for Chartered and Professional Accountants (SOCPA). These condensed interim financial statements should be read in conjunction with the Company’s last year financial statements as at 31 December 2021 (“Last year financial statements”). These financial statements do not include all the required information to prepare a full set of financial statements in accordance with IFRS as endorsed in the Kingdom of Saudi Arabia; however, certain accounting policies and selected explanatory notes are included to explain significant events and transactions to understand the changes in the Company’s financial position and performance from last year financial statements. Further, the results of the nine-month period ended 30 September 2022 are not necessarily indicative of the results that may be expected for the year ended 31 December 2022.

These condensed interim financial statements have been approved for issuance by the Audit Committee delegated by the Board of Directors on 09 Rabi Al Thani 1444H (corresponding to 03 November 2022), based on an authorization from the Board of Directors.

2.2 Basis of measurement

The condensed interim financial statements have been prepared under the historical cost convention except for the following material items mentioned in the condensed statement of financial position:

- Term Murabaha is measured at amortized cost.
- Investments at fair value through statement of profit and loss are measured at fair value.
- Future employees’ benefits obligations entitlements are recognized based on the projected unit credit method.

2-3 Functional and presentation currency

These condensed interim financial statements are prepared in Saudi Arabian Riyals (“SAR”) which is the Company’s functional and presentation currency.

3. USE OF ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenue, costs, assets and liabilities, and the disclosure of contingent liabilities, at the financial period date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets and liabilities affected in the future.

These estimates and assumptions are based on historical experience and factors including expectations of future events that are appropriate in the circumstances and are used to determine the carrying amounts of assets and liabilities that are not independent from other sources. The estimates and assumptions are reviewed on an ongoing basis.

Accounting estimates recognized in the period in which the estimates are reviewed in the reviewing period and future periods are reviewed if the changed estimates affect both current and future periods.

The significant judgments made by management in applying the Company's accounting policies are consistent with those disclosed in the previous year's financial statements.

The continued outbreak of coronavirus disease (COVID19) was declared a pandemic by the World Health Organization in March 2020. The demand for cement globally remain largely unaffected by the outbreak and as such the Company continues to operate while considering the health and safety of the workforce. The Company's management continues to closely monitor the development of the coronavirus (COVID19) even though the management at this time is not aware of any expected factors that may change the impact of the pandemic on the Company's operations during or after 2022. There is no change in estimates and judgements required as a result of COVID 19 assessments in these condensed interim financial statements.

4. SIGNIFICANT ACCOUNTING POLICES

The accounting policies used when preparing these condensed interim financial statements are in line with what is stated in the notes to the financial statements of the Company for the year ended 31 December 2021.

The principal accounting policies have been consistently applied to all periods presented in these condensed interim financial statements.

New standards, amendment to standards and interpretations

There are no new standards issued. However, there are a number of amendments to standards that are effective from 1 January 2022 which are described in the Company's annual financial statements but have no material impact on the condensed interim financial statements of the Company.

QASSIM CEMENT COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the nine-month period ended 30 September 2022
(Saudi Riyal)

5. SEGMENT INFORMATION

The Company's activities mainly represent two operating sectors: the first one is the manufacturing and selling of cement and it is mainly sold to local customers, and the second is the investing sector. The Company's segment information is divided into units as follows:

a) The financial information for revenue and profits related to the sectors for the nine-month period ended on 30 September 2022 and 2021 is as follows:

	Operating Segment		Investing sector	
	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
Revenue from contracts with customer	461,402,049	591,471,571	--	--
Realized gains / (losses) for the period before Zakat	99,531,837	255,947,826	(2,373,905)	28,299,225

b) Financial information of sectors' assets and liabilities as at 30 September 2022 and 31 December 2021 is as follows:

	Operating segment		Investing sector	
	30 September 2022 (Unaudited)	31 December 2021 (Audited)	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Total assets	1,193,547,446	1,068,218,531	784,525,001	951,744,468
Total liabilities	309,028,646	284,390,027	--	--

6. PROPERTY, PLANT AND EQUIPMENT

As at 30 September 2022, the total cost of property, plant and equipment amounted to SR 2,392 million (31 December 2021: SR 2,381 million), and the accumulated depreciation amounted to SR 1,829 million (31 December 2021: SR 1,776 million).

During the nine-month period ended 30 September 2022, the Company has added property, plant and equipment amounting of SR 8,87 million and projects in progress in amounting of SR 1,89 million within the project of crude oil loading station and other improvements (for the year ended 31 December 2021: addition of property, plant and equipment in the amounting with SR 8,04 million and projects in progress amounting with SR 2,8 million which mainly represent projects of improvement of production lines and civil works.).

QASSIM CEMENT COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the nine-month period ended 30 September 2022
(Saudi Riyal)

7. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS 'FVTPL'

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Financial investments at FVTPL - non-current (7-a)	40,640,815	69,031,049
Financial investments at FVTPL - current (7-b)	543,884,186	596,413,419

7-a) Financial investments at FVTPL - non-current

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Balance at the beginning of the period/ year	69,031,049	63,865,085
Disposals during the period/ year	(36,115,702)	--
Change in the fair value	7,725,468	5,165,964
	40,640,815	69,031,049

The above investments are represented in shares of real estate funds, and these investments are assessed at their fair value.

7-b) Financial investments at FVTPL - current

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Balance at the beginning of the period/ year	596,413,419	621,178,885
Additions during the period / year	74,913,186	240,414,694
Disposals during the period/ year	(106,977,926)	(285,513,505)
Change in the Fair value	(20,464,493)	20,333,345
	543,884,186	596,413,419

The above investments represent shares of commodity trading funds and trading finance funds with financial companies, and they are valued at fair value.

8. INVENTORY

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Spare parts	117,339,135	112,791,435
Raw materials	25,436,258	17,506,100
Work in progress	145,710,564	150,065,043
Clinker purchases	56,130,154	--
Finished goods	6,456,373	7,160,999
Packing and packaging materials	3,287,179	2,637,392
Consumables and supplies	3,521,561	3,358,800
Goods-in-transit	5,469,977	661,579
	363,351,201	294,181,348
Less: Provision for obsolete and slow-moving inventories	(28,133,512)	(26,983,814)
	335,217,689	267,197,534

QASSIM CEMENT COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the nine-month period ended 30 September 2022
(Saudi Riyal)

8- INVENTORY (CONTINUED)

Movement in provisions for obsolete and slow-moving inventories is as follows:

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Balance at start of the period / year	26,983,814	31,029,440
Provided during the period / year	1,149,698	3,737,846
Utilized during the period/ year	--	(7,783,472)
	<u>28,133,512</u>	<u>26,983,814</u>

9. FINANCIAL INVESTMENTS AT AMORTIZED COST

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Balance at the beginning of the period / year	286,300,000	250,000,000
Additions during the period/ year	66,382,875	321,300,000
Disposal during the period / year	(152,682,875)	(285,000,000)
	<u>200,000,000</u>	<u>286,300,000</u>

Financial investments were classified at amortized cost as at the end of the period/ year as follows:

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Non-current portion of financial investments at amortized cost (*)	100,000,000	100,000,000
Current portion of financial investments at amortized cost	<u>100,000,000</u>	<u>186,300,000</u>

The above investments are represented in Murabaha and Sukuk, with gross margin. The average gross margin is 4.75% per annum (2021: 4.53%). During the nine-month period ended 30 September 2022, total Murabaha income of SR 7,69 million has been charged to the statement of profit or loss (30 September 2021: SR 9,04 million).

(*) Non-current portion of financial investments at amortized cost represents Sukuk for period exceeding one year of that date.

10. DIVIDENDS

During the nine-month period ended 30 September 2022

- On 8 February 2022, based on the authorization of the General Assembly of the shareholders, the Board of Directors recommended to distribute dividends of SR 54 million at SR 0.60 per share for the fourth quarter dividends of 2021.
- On 23 March 2022, the Company's general assembly convened and approved the Board of Directors' distribution of dividends to the shareholders in the amount of SR 315 million at (SR 3.5) per share for the first, second, third and fourth quarters of 2021.
- On 17 May 2022, based on the authorization of the General Assembly of shareholders, the Board of Directors recommended to distribute dividends of SR 45 million at SR 0,50 per share for the first quarter dividends of the year 2022.
- On 13 September 2022, based on the authorization of the General Assembly of shareholders, the Board of Directors recommended (by passing) to distribute dividends of SR 45 million at SR 0,50 per share for the second quarter dividends of the year 2022.

QASSIM CEMENT COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the nine-month period ended 30 September 2022
(Saudi Riyal)

10- DIVIDENDS (CONTINUED)

During the nine-month period ended 30 September 2021

- On 4 February 2021, the Board of Directors has recommended, based on an authorization from the shareholders' general assembly, dividends of SR 108 million at SR 1.20 per share for the fourth quarter dividends of 2020.
- On 17 March 2021, the Company's shareholders' general assembly approved the distribution of dividends to the shareholders in the amount of SR 400.5 million at (SR 4.45) per share for the first, second, third and fourth quarter of 2020.
- On 2 May 2021, based on the authorization of the General Assembly of shareholders, the Board of Directors recommended to distribute dividends of SR 99 million at SR 1,10 per share for the first quarter dividends of the year 2021.
- On 18 August 2021, based on the authorization of the General Assembly of shareholders, the Board of Directors recommended to distribute dividends of SR 90 million at SR 1.00 per share for the second quarter dividends of the year 2021.

11. ZAKAT

The Company submitted all Zakat returns due up to the year ended at 31 December 2021. On 13 Ramadan 1443H (corresponding to 14 April 2022), the Company obtained a certificate from ZATCA for the year ended 31 December 2021 to enable it to complete all its transactions, including the payment of its final accruals for contracts valid up to 30 April 2023.

12. OTHER INCOME, NET

	For the three-month period ended		For the nine-month period ended	
	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
Rental income	278,532	225,761	918,605	554,091
Deposits received from Human Resources Development Fund	179,038	361,580	836,531	768,289
Reversal of other provisions	--	--	8,000,000	--
Revenues from insurance claims	3,179,269	--	3,179,269	--
Refund of a judicial execution bond	2,002,527	--	2,002,527	--
Other miscellaneous (expenses) / income	34,598	442,796	1,139,948	75,665
	<u>5,673,964</u>	<u>1,030,137</u>	<u>16,076,880</u>	<u>1,398,045</u>

QASSIM CEMENT COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the nine-month period ended 30 September 2022
(Saudi Riyal)

13. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share is calculated by dividing income for the period attributable to the Company's ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

The diluted earnings per share are the same as the basic earnings per share as the company has no diluted instruments.

	For the three-month period ended		For the nine-month period ended	
	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
Net income for the period	23,427,927	60,385,035	77,470,829	261,434,645
Number of shares	90,000,000	90,000,000	90,000,000	90,000,000
Weighted average number of shares	90,000,000	90,000,000	90,000,000	90,000,000
Basic and diluted earnings per share	0.26	0.67	0.86	2.90

14. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at 30 September 2022, the Company has bank facilities in the form of letters of guarantee and letters of credit from commercial banks of SR 100,98 million (31 December 2021: SR 23,5 million).

As at 30 September 2022, the capital commitments on the Company are SR 137,3 million (31 December 2021: SR 177.7 million). As at 30 September 2022, the total value of project contracts amounted to SR 205,5 million (31 December 2021: SR 203.4 million).

15. DISCLOSURES RELATED TO PARTY PARTIES

Related parties represent members of the Board of Directors of the Company, key management personnel of the Company, and entities managed or a significant influence is exercised over them by these parties.

Key management personnel remuneration

The remunerations of the members of the board of directors and other executive management personnel charged during the period are as follows:

	30 September 2022 (Unaudited)	30 September 2021 (Unaudited)
Salaries and short-term benefits - key management personnel	10,583,051	10,509,340
BOD members remunerations and sub-committees	2,416,000	2,541,644
Post-employment benefits - key management personnel	514,312	1,298,881
	13,513,363	14,349,865

QASSIM CEMENT COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the nine-month period ended 30 September 2022
(Saudi Riyal)

16. OTHER PROVISIONS

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Provision for legal claims and objections	983,755	18,983,755
	983,755	18,983,755

Movement in other provisions during the year was as follows:

	30 September 2022 (Unaudited)	31 December 2021 (Audited)
Balance at the beginning of the period / year	18,983,755	43,404,537
Utilized during the period/ year	(10,000,000)	(2,857,122)
Reversal during the period/ year	(8,000,000)	(21,563,660)
	983,755	18,983,755

17. FINANCIAL INSTRUMENTS

Fair value measurement

A number of the Company's accounting policies and disclosures require the measurement of fair values for financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted (unadjusted) market prices in active markets for assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1, which are observable inputs for an asset or liability, either directly (such as prices) or indirectly (derived from prices).

Level 3: Inputs for assets or liabilities not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of the assets and liabilities fall within different levels in the fair value hierarchy, then the fair value is categorized as a whole using the lowest level of the fair value hierarchy inputs that are significant to the measurement as a whole. The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

QASSIM CEMENT COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the nine-month period ended 30 September 2022
(Saudi Riyal)

17. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value measurement of financial instruments

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. They do not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximate of fair value.

		30 September 2022							
		Carrying amount			Fair value				
		Fair value	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets at fair value:									
Investments at fair value through profit or loss	584,525,001	--	--	584,525,001	127,743,036	397,232,887	59,549,078	584,525,001	
	584,525,001	--	--	584,525,001	127,743,036	397,232,887	59,549,078	584,525,001	
Financial assets at amortized cost:									
Financial investments at amortized cost	--	200,000,000	--	200,000,000	--	--	--	--	
Trade receivables	--	63,656,702	--	63,656,702	--	--	--	--	
Cash and cash equivalents	--	118,175,986	--	118,175,986	--	--	--	--	
	--	381,832,688	--	381,832,688	--	--	--	--	
Financial liabilities not measured at fair value:									
Trade payables	--	--	47,592,270	47,592,270	--	--	--	--	
Accrued expenses and other payables	--	--	78,754,838	78,754,838	--	--	--	--	
	--	--	126,347,108	126,347,108	--	--	--	--	

QASSIM CEMENT COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the nine-month period ended 30 September 2022
(Saudi Riyal)

17. FINANCIAL INSTRUMENTS (CONTINUED)

Fair value measurement of financial instruments (continued)

					31 December 2021			
Carrying amount					Fair value			
	<u>Fair value</u>	<u>Amortized cost</u>	<u>Other financial liabilities</u>	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value:								
Investments at fair value through profit or loss	665,444,468	-	-	665,444,468	121,570,706	452,805,258	91,068,504	665,444,468
	665,444,468	-	-	665,444,468	121,570,706	452,805,258	91,068,504	665,444,468
Financial assets at amortized cost:								
Financial investments at amortized cost	-	286,300,000	-	286,300,000	-	-	-	-
Trade receivables	-	34,739,752	-	34,739,752	-	-	-	-
Cash and cash equivalents	-	107,402,465	-	107,402,465	-	-	-	-
	-	428,442,217	-	428,442,217	-	-	-	-
Financial liabilities not measured at fair value:								
Trade payables	-	-	26,529,892	26,529,892	-	-	-	-
Accrued expenses and other payables	-	-	89,074,328	89,074,328	-	-	-	-
	-	-	115,604,220	115,604,220	-	-	-	-

18. SUBSEQUENT EVENTS

No significant events occurred after 30 September 2022 and prior to the date on which the review report was signed that could have a material impact on the condensed interim financial statements.