

**Qassim Cement Company**  
(A Saudi Joint Stock Company)  
**Condensed Interim Financial Statements (Unaudited)**  
**For the three-month period ended 31 March 2023**  
**Together with the**  
**Independent Auditor's Report on Review of Condensed Interim Financial Statements**

**Qassim Cement Company**  
(A Saudi Joint Stock Company)

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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 31 March 2023 condensed interim financial statements of Qassim Cement Company ("the Company"), which comprise:

- The condensed interim statement of financial position as at 31 March 2023;
- The condensed interim statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2023;
- The condensed interim statement of changes in equity for the three-month period ended 31 March 2023;
- The condensed interim statement of cash flows for the three-month period ended 31 March 2023; 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 31 March 2023 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 Mubarak Al Dossari  
License No. 469

Riyadh, 12 Shawwal 1444H  
Corresponding to 2 May 2023



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كي بي إم جي للاستشارات المهنية مساهمة مقفلة، مسجلة في المملكة العربية السعودية، رأس مالها (٤٠.٠٠٠.٠٠٠) ريال سعودي مدوّل بالكامل، المسماة سابقاً "الشركة كي بي إم جي للفرز وشركاء محاسبون ومراجعون قانونيون". وهي عضو غير شريك في الشبكة العالمية لشركات كي بي إم جي المستقلة والشابعة لدى 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 31 March 2023

(Saudi Riyal)

|  |       | 31 March<br>2023<br>(Unaudited) | 31 December<br>2022<br>(Audited) |
|--|-------|---------------------------------|----------------------------------|
|  | Note  |                                 |                                  |
| <b>Assets</b>  |       |                                 |                                  |
| <b>Non-current assets</b>  |       |                                 |                                  |
| Property, Plant and Equipment                                      | (6)   | 537,323,853                     | 547,841,833                      |
| Projects in Progress   |       | 140,182,501                     | 94,232,742                       |
| Investment properties  |       | 9,516,450                       | 9,516,450                        |
| Financial investments at FVTPL                                     | (7.a) | 39,962,379                      | 39,962,379                       |
| Financial investments at amortized cost - non-current portion      | (9)   | 100,000,000                     | 100,000,000                      |
| Right-of-use assets  |       | 1,162,645                       | 1,346,221                        |
| <b>Total non-current assets</b>                                    |       | <b>828,147,828</b>              | <b>792,899,625</b>               |
| <b>Current assets</b>  |       |                                 |                                  |
| Inventory  | (8)   | 337,378,479                     | 345,766,076                      |
| Financial investments at amortized cost - current portion          | (9)   | 276,500,000                     | 224,000,000                      |
| Financial investments at FVTPL                                     | (7.b) | 305,327,292                     | 437,163,400                      |
| Trade receivables  |       | 64,196,215                      | 51,599,897                       |
| Prepaid expenses and other receivables                             |       | 30,516,249                      | 23,115,134                       |
| Cash and cash equivalents  |       | 139,965,350                     | 51,883,753                       |
| <b>Total current assets</b>  |       | <b>1,153,883,585</b>            | <b>1,133,528,260</b>             |
| <b>Total assets</b>  |       | <b>1,982,031,413</b>            | <b>1,926,427,885</b>             |
| <b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>                        |       |                                 |                                  |
| <b>Equity attributable to the Company's Shareholders</b>           |       |                                 |                                  |
| Share capital  | (1)   | 900,000,000                     | 900,000,000                      |
| Statutory reserve  |       | 270,000,000                     | 270,000,000                      |
| Cumulative changes in other comprehensive income                   |       | (3,778,033)                     | (3,778,033)                      |
| Retained earnings  |       | 499,494,473                     | 498,554,857                      |
| <b>Total equity</b>  |       | <b>1,665,716,440</b>            | <b>1,664,776,824</b>             |
| <b>Liabilities</b>   |       |                                 |                                  |
| <b>Non-current liabilities</b>                                     |       |                                 |                                  |
| Provision for rehabilitation of areas subject to franchise license |       | 14,124,859                      | 13,900,094                       |
| Employees' benefits obligations                                    |       | 43,622,481                      | 42,172,381                       |
| Long-term lease liabilities  |       | 420,474                         | 606,653                          |
| <b>Total Non-current liabilities</b>                               |       | <b>58,167,814</b>               | <b>56,679,128</b>                |
| <b>Current liabilities</b>   |       |                                 |                                  |
| Trade and other payables   |       | 111,147,357                     | 118,769,814                      |
| Dividends payable  | (10)  | 111,206,088                     | 57,510,427                       |
| Zakat provision  |       | 33,989,699                      | 26,887,677                       |
| Other provisions   | (16)  | 983,755                         | 983,755                          |
| Short-term lease liabilities                                       |       | 820,260                         | 820,260                          |
| <b>Total current liabilities</b>                                   |       | <b>258,147,159</b>              | <b>204,971,933</b>               |
| <b>Total liabilities</b>   |       | <b>316,314,973</b>              | <b>261,651,061</b>               |
| <b>Total equity and liabilities</b>                                |       | <b>1,982,031,413</b>            | <b>1,926,427,885</b>             |

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

Mr. Khalid Mohamed Saud

Chief Financial Officer

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 period ended 31 March 2023

(Saudi Riyal)

|   | Note | For the three-month period ended |                   |
|---|------|----------------------------------|-------------------|
|   |      | 31 March 2023                    | 31 March 2022     |
| Sales   |      | 174,070,676                      | 142,490,008       |
| Cost of sales   |      | (117,426,181)                    | (115,116,331)     |
| <b>Gross profit</b>   |      | <b>56,644,495</b>                | <b>27,373,677</b> |
| Selling and marketing expenses  |      | (2,958,943)                      | (2,911,572)       |
| General and administrative expenses                                       |      | (6,050,341)                      | (6,671,638)       |
| Other Income, Net   | (12) | 1,495,997                        | 8,797,867         |
| (Provision)/ reversal of expected credit loss (ECLs) on trade receivables |      | (54,640)                         | 1,064,385         |
| <b>Operating profit</b>   |      | <b>49,076,568</b>                | <b>27,652,719</b> |
| Unrealized gains on investments at FVTPL, net                             |      | 6,374,374                        | 1,217,748         |
| Revenue from investments at fair value through profit or loss, net        |      | 1,387,174                        | 67,121            |
| Income from financial investments at amortized cost                       |      | 5,447,173                        | 2,691,135         |
| Finance costs   |      | (243,651)                        | (261,162)         |
| <b>Profit before Zakat</b>  |      | <b>62,041,638</b>                | <b>31,367,561</b> |
| Zakat   |      | (7,102,022)                      | (6,282,745)       |
| <b>Net income for the period</b>  |      | <b>54,939,616</b>                | <b>25,084,816</b> |
| <b>Other comprehensive income:</b>  |      |                                  |                   |
| <b>Items that will not be reclassified to profit or loss:</b>             |      |                                  |                   |
| Re-measurement of employees' end-of-service benefits                      |      | -                                | -                 |
| <b>Total comprehensive income</b>   |      | <b>54,939,616</b>                | <b>25,084,816</b> |
| <b>Earnings per share of net income for the period:</b>                   |      |                                  |                   |
| Basic and diluted   | (13) | <b>0.61</b>                      | <b>0.28</b>       |

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

Mr. Khalid Mohamed Saud

Chief Financial Officer

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 three-month period ended 31 March 2023  
(Saudi Riyal)

|   | Share capital | Statutory reserve | Retained earnings | Cumulative changes in the items of other comprehensive income | Total         |
|---|---------------|-------------------|-------------------|---|---------------|
| <b>FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2022</b> |               |                   |                   |   |               |
| Balance as at 1 January 2022                          | 900,000,000   | 270,000,000       | 566,042,300       | (3,863,383)   | 1,732,178,917 |
| Profit for the period                                 | -             | -                 | 25,084,816        | -   | 25,084,816    |
| Other comprehensive income                            | -             | -                 | -                 | -   | -             |
| <b>Total comprehensive income</b>                     |               |                   | 25,084,816        |   | 25,084,816    |
| Interim dividends (Note 10)                           | -             | -                 | (54,000,000)      | -   | (54,000,000)  |
| Balance as at 31 March 2022                           | 900,000,000   | 270,000,000       | 537,127,116       | (3,863,383)   | 1,703,263,733 |
| <b>For the three-month period ended 31 March 2023</b> |               |                   |                   |   |               |
| Balance as at 1 January 2023                          | 900,000,000   | 270,000,000       | 498,554,857       | (3,778,033)   | 1,664,776,824 |
| Profit for the period                                 | -             | -                 | 54,939,616        | -   | 54,939,616    |
| Other comprehensive income                            | -             | -                 | -                 | -   | -             |
| <b>Total comprehensive income</b>                     |               |                   | 54,939,616        |   | 54,939,616    |
| Interim dividends (Note 10)                           | -             | -                 | (54,000,000)      | -   | (54,000,000)  |
| Balance as at 31 March 2023                           | 900,000,000   | 270,000,000       | 499,494,473       | (3,778,033)   | 1,665,716,440 |

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

Mr. Khalid Mohamed Saud



Chief Financial Officer 2023

Eng. Omar Bin Abdulrah Al Omar



Chief Executive Officer Board Member

**Qassim Cement Company**

(A Saudi Joint Stock Company)

**CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)**

For the three-month period ended 31 March 2023

(Saudi Riyal)

|   | 31 March 2023<br>(Unaudited) | 31 March 2022<br>(Unaudited) |
|---|------------------------------|------------------------------|
| Profit for the period   | 54,939,616                   | 25,084,816                   |
| <b>Adjustments:</b>   |                              |                              |
| Zakat expense   | 7,102,022                    | 6,282,745                    |
| Depreciation of property, plant and equipment                                     | 17,926,797                   | 17,898,730                   |
| Depreciation of right-of-use assets   | 183,576                      | 183,575                      |
| Creation of provision for obsolete and slow-moving inventory                      | 421,222                      | -                            |
| Creation/ (reversal) of provision for expected credit losses on trade receivables | 54,640                       | (1,064,385)                  |
| Reversal of other provisions  | -                            | (8,000,000)                  |
| Unrealized (gains) on financial investments at FVTPL                              | (6,374,374)                  | (1,217,748)                  |
| Revenue from investments at amortized cost  | (5,447,173)                  | (2,691,135)                  |
| Employees' benefits obligations   | 2,003,286                    | 1,923,877                    |
| Finance costs   | 243,651                      | 261,162                      |
|   | <b>71,053,263</b>            | <b>38,661,637</b>            |
| <b>Changes in working capital:</b>  |                              |                              |
| Inventory   | 7,966,375                    | 10,852,042                   |
| Trade receivables   | (12,650,958)                 | (4,694,927)                  |
| Prepaid expenses and other receivables  | (3,589,255)                  | (18,199,661)                 |
| Trade and other payables  | (7,622,457)                  | (30,369,557)                 |
| Used from other provisions  | -                            | (10,000,000)                 |
| End-of-service benefits paid  | (553,186)                    | (858,322)                    |
| <b>Net cash generated from / (used in) operating activities</b>                   | <b>54,603,782</b>            | <b>(14,608,788)</b>          |
| <b>Investing activities</b>   |                              |                              |
| Payment to purchase property, plant and equipment                                 | (53,358,576)                 | (38,103,288)                 |
| Proceeds from sale of investments at fair value through profit or loss            | 138,210,482                  | 8,244,589                    |
| Payment to purchase financial investments at amortized cost                       | (100,000,000)                | (66,382,875)                 |
| Proceeds from financial investments at amortized cost                             | 47,500,000                   | 132,682,875                  |
| Proceeds from revenues of investments at amortized cost                           | 1,635,313                    | 1,171,386                    |
| <b>Net cash generated from investing activities</b>                               | <b>33,987,219</b>            | <b>37,612,687</b>            |
| <b>Financing activities</b>   |                              |                              |
| Lease payments  | (205,065)                    | (205,065)                    |
| Dividends paid  | (304,339)                    | (61,752,170)                 |
| <b>Net cash used in financing activities</b>                                      | <b>(509,404)</b>             | <b>(61,957,235)</b>          |
| Change in cash and cash equivalents during the period                             | 88,081,597                   | (38,953,336)                 |
| Cash and cash equivalents as at the beginning of the period                       | 51,883,753                   | 107,402,465                  |
| <b>Cash and cash equivalents as at the end of the period</b>                      | <b>139,965,350</b>           | <b>68,449,129</b>            |
| <b>Significant non-cash transactions</b>  |                              |                              |
| Projects in progress transferred to property, plant and equipment                 | 1,488,502                    | 665,835                      |

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

Mr. Khalid Mohamed Saud

  
 Chief Financial Officer

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 THREE MONTH PERIOD ENDED 31 MARCH 2023**

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### **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 31 March 2023 and 31 December 2022, 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.

The new Regulations for Companies issued through Royal Decree M/132 on 1/12/1443H (corresponding to 30 June 2022) (hereinafter referred as “The Regulations”) entered into force on 26/6/1444H (corresponding to 19 January 2023). For certain provisions of the Regulations, full compliance is expected no later than two years from 26/6/1444H (corresponding to January 2023). The management is in process of assessing the impact of the Regulations for Companies and will amend its Company’s by-laws for any changes to align the by-laws with the provisions of Law (if any). Consequently, the Company shall present the amended by-laws to the shareholders in their Extraordinary/Annual General Assembly meeting for their ratification.

### **2- BASIS OF FINANCIAL STATEMENTS PREPARATION**

#### **2-1 Statement of compliance**

These condensed interim financial statements for the period ended 31 March 2023 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 2022 (“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 for the three-month period ended 31 March 2023 are not necessarily indicative of the results that may be expected for the year ended 31 December 2023.

These condensed interim financial statements have been approved for issuance by the Audit Committee on 11 Shawwal 1444H (corresponding to 01 May 2023) 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.



**Qassim Cement Company**

(A Saudi Joint Stock Company)

**Notes to the condensed interim financial statements (unaudited)****FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023****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.

**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 2022.

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

**a) 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 2023 which are described in the Company's annual financial statements but have no material impact on the condensed interim financial statements of the Company.

**5- SEGMENT INFORMATION**

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

The financial information for revenue and profits related to the sectors for the three period ended 31 March 2023 and 2022 is as follows:

|                                       | <u>Operating Segment</u> |                    | <u>Investing Segment</u> |                  |
|---------------------------------------|--------------------------|--------------------|--------------------------|------------------|
|                                       | <b>31 March</b>          | 31 March           | <b>31 March</b>          | 31 March         |
|                                       | <b>2023</b>              | 2022               | <b>2023</b>              | 2022             |
|                                       | <b>(Unaudited)</b>       | (Unaudited)        | <b>(Unaudited)</b>       | (Unaudited)      |
| Revenue from contracts with customers | <b>174,070,676</b>       | <b>142,490,008</b> | --                       | --               |
| Profit for the period before Zakat    | <b>48,832,917</b>        | <b>27,391,557</b>  | <b>13,208,721</b>        | <b>3,976,004</b> |

**Qassim Cement Company**

(A Saudi Joint Stock Company)

**Notes to the condensed interim financial statements (unaudited)****FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023****5- SEGMENT INFORMATION(CONTINUED)**

b) Financial information of segments' assets and liabilities as at 31 March 2023 and 31 December 2022 is as follows:

|                   | <b>Operating Segment</b> |               | <b>Investing Segment</b> |             |
|-------------------|--------------------------|---------------|--------------------------|-------------|
|                   | <b>31 March</b>          | 31 December   | <b>31 March</b>          | 31 December |
|                   | <b>2023</b>              | 2022          | <b>2023</b>              | 2022        |
|                   | <b>(Unaudited)</b>       | (Audited)     | <b>(Unaudited)</b>       | (Audited)   |
| Total assets      | <b>1,260,241,742</b>     | 1,125,302,106 | <b>721,789,671</b>       | 801,125,779 |
| Total liabilities | <b>316,314,973</b>       | 261,651,061   | --                       | --          |

**6- PROPERTY, PLANT AND EQUIPMENT**

As at 31 March 2023, the total cost of property, plant and equipment was SR 2,401 million (31 December 2022: SR 2,393 million), and the accumulated depreciation was SR 1,863 million (31 December 2022: SR 1,845 million). During the three-month period ended 31 March 2023, the Company has added property, plant, equipment and projects in progress of SR 53.3 million (for the year ended 31 December 2022: SR 82,1 million).

**7- FINANCIAL INVESTMENTS AT FVTPL**

|  | <b>31 March</b>    | 31 December |
|--|--------------------|-------------|
|  | <b>2023</b>        | 2022        |
|  | <b>(Unaudited)</b> | (Audited)   |
| Financial investments at FVTPL - non-current (7.a) | <b>39,962,379</b>  | 39,962,379  |
| Financial investments at FVTPL - current (7.b)     | <b>305,327,292</b> | 437,163,400 |

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

|   | <b>31 March</b>    | 31 December  |
|---|--------------------|--------------|
|   | <b>2023</b>        | 2022         |
|   | <b>(Unaudited)</b> | (Audited)    |
| Balance at the beginning of the period/year | <b>39,962,379</b>  | 69,031,049   |
| Disposals during the period / year          | -                  | (34,913,186) |
| Unrealized gains                            | -                  | 5,844,516    |
|   | <b>39,962,379</b>  | 39,962,379   |

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**

|  | <b>31 March</b>      | 31 December   |
|--|----------------------|---------------|
|  | <b>2023</b>          | 2022          |
|  | <b>(Unaudited)</b>   | (Audited)     |
| Balance at the beginning of the period/ year | <b>437,163,400</b>   | 596,413,419   |
| Additions during the period / year           | -                    | 74,913,186    |
| Disposals during the period/ year            | <b>(138,210,482)</b> | (207,079,732) |
| Unrealised gains / (losses)                  | <b>6,374,374</b>     | (27,083,473)  |
|  | <b>305,327,292</b>   | 437,163,400   |

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

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**Notes to the condensed interim financial statements (unaudited)****FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023****8- INVENTORY**

|  | <b>31 March<br/>2023<br/>(Unaudited)</b> | 31 December<br>2022<br>(Audited) |
|--|--|----------------------------------|
| Spare parts  | <b>115,374,945</b>                       | 115,026,192                      |
| Raw materials  | <b>86,118,221</b>                        | 96,550,088                       |
| Production in progress                                 | <b>147,102,925</b>                       | 146,914,938                      |
| Finished goods   | <b>5,425,255</b>                         | 4,916,866                        |
| Packing and packaging materials                        | <b>3,741,427</b>                         | 3,159,189                        |
| Consumables and supplies                               | <b>3,595,821</b>                         | 3,457,736                        |
| Goods in transit                                       | <b>2,657,846</b>                         | 1,957,806                        |
|  | <b>364,016,440</b>                       | 371,982,815                      |
| Less: Provision for obsolete and slow-moving inventory | <b>(26,637,961)</b>                      | (26,216,739)                     |
|  | <b>337,378,479</b>                       | 345,766,076                      |

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

|   | <b>31 March<br/>2023<br/>(Unaudited)</b> | 31 December<br>2022<br>(Audited) |
|---|--|----------------------------------|
| Balance at the beginning of the period / year | <b>26,216,739</b>                        | 26,983,814                       |
| Provided during the period / year             | <b>421,222</b>                           | 1,684,890                        |
| Utilized during the period/ year              | <b>-</b>                                 | (2,451,965)                      |
|   | <b>26,637,961</b>                        | 26,216,739                       |

**9- FINANCIAL INVESTMENTS AT AMORTIZED COST**

|   | <b>31 March<br/>2023<br/>(Unaudited)</b> | 31 December<br>2022<br>(Audited) |
|---|--|----------------------------------|
| Balance at the beginning of the period / year | <b>324,000,000</b>                       | 286,300,000                      |
| Additions during the period/ year             | <b>100,000,000</b>                       | 290,382,875                      |
| Disposals during the period / year            | <b>(47,500,000)</b>                      | (252,682,875)                    |
|   | <b>376,500,000</b>                       | 324,000,000                      |

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

|  | <b>31 March<br/>2023<br/>(Unaudited)</b> | 31 December<br>2022<br>(Audited) |
|--|--|----------------------------------|
| Non-current portion of financial investments at amortized cost (*) | <b>100,000,000</b>                       | 100,000,000                      |
| Current portion of financial investments at amortized cost         | <b>276,500,000</b>                       | 224,000,000                      |

Financial investments are represented in Murabaha and Sukuk with profit margin. The average commission rate is 5.40% per annum (2022: 5.38%). During the three-month period ended 31 March 2023, total Murabaha income of SR 5.45 million has been charged to the statement of profit or loss (31 March 2022: SR 2.69 million).

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

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**Notes to the condensed interim financial statements (unaudited)****FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023****10- DIVIDENDS****For the three-month period ended 31 March 2023**

- On 19 February 2023, based on the authorization of the General Assembly to 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 2022.

**For the three-month period ended 31 March 2022**

- On 8 February 2022, based on the authorization of the General Assembly to 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 Ordinary 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.

**11- ZAKAT**

The Company submitted all Zakat returns due up to the year ended 31 December 2022. On 21 Ramadan 1443H (corresponding to 12 April 2023), the Company obtained a certificate from ZATCA for the year ended 31 December 2022 to enable it to complete all its transactions, including the payment of its final accruals for contracts. The certificate is valid up to 30 April 2024.

**12- OTHER INCOME, NET**

|   | <b>31 March<br/>2023<br/>(Unaudited)</b> | 31 March<br>2022<br>(Unaudited) |
|---|--|---------------------------------|
| Contractors compensation                                | 297,592                                  | -                               |
| Rental income   | 263,859                                  | 369,239                         |
| Deposits received from Human Resources Development Fund | 209,306                                  | 302,042                         |
| Profit arising from exchange differences                | 59,657                                   | -                               |
| Income from the sale of industrial waste and scrap      | 198,696                                  | -                               |
| Income from sale of cement dust                         | 86,672                                   | 27,910                          |
| Reversal of other provisions                            | -  | 8,000,000                       |
| Other miscellaneous income                              | 380,215                                  | 98,676                          |
|   | <b>1,495,997</b>                         | <b>8,797,867</b>                |

**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.

|   | <i>For the three-month period ended</i><br><b>31 March<br/>2023<br/>(Unaudited)</b> | 31 March<br>2022<br>(Unaudited) |
|---|---|---------------------------------|
| Income for the period                       | <b>54,939,616</b>   | 25,084,816                      |
| <b>Number of shares</b>                     |   |                                 |
| Weighted average number of shares           | <b>90,000,000</b>   | 90,000,000                      |
| <b>Basic and diluted earnings per share</b> | <b>0.61</b>   | 0.28                            |



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**Notes to the condensed interim financial statements (unaudited)****FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023****14- CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS**

As at 31 March 2023, the Company has bank facilities in the form of letters of guarantee and letters of credit from commercial banks of SR 52.26 million (31 December 2022: SR 91.8 million).

As at 31 March 2023, the capital commitments on the Company are SR 74,96 million (31 December 2022: SR 121.8 million). The total value of project contracts amounted to SR 200.2 million as at 31 March 2023 (31 December 2022: SR 201.8 million).

**15- DISCLOSURES RELATED TO PARTY PARTIES**

Related parties represent major shareholders, 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 key management personnel charged during the period are as follows:

|   | <b>31 March<br/>2023<br/>(Unaudited)</b> | 31 March<br>2022<br>(Unaudited) |
|---|--|---------------------------------|
| Salaries and short-term benefits - key management personnel | <b>2,018,058</b>                         | 6,324,958                       |
| BOD members remunerations and sub-committees                | <b>800,000</b>                           | 816,000                         |
| Post-employment benefits - key management personnel         | <b>196,710</b>                           | 212,735                         |
|   | <b><u>3,014,768</u></b>                  | <u>7,353,693</u>                |

**16- OTHER PROVISIONS**

|   | <b>31 March<br/>2023<br/>(Unaudited)</b> | 31 December<br>2022<br>(Audited) |
|---|--|----------------------------------|
| Provision for legal claims and objections | <b>983,755</b>                           | <b>983,755</b>                   |
|   | <b><u>983,755</u></b>                    | <u>983,755</u>                   |

Movement in other provisions during the year is as follows:

|   | <b>31 March<br/>2023<br/>(Unaudited)</b> | 31 December<br>2022<br>(Audited) |
|---|--|----------------------------------|
| Balance at the beginning of the period / year | <b>983,755</b>                           | 18,983,755                       |
| Utilized during the period/ year              | -  | (10,000,000)                     |
| Reversal during the period/ year              | -  | (8,000,000)                      |
|   | <b><u>983,755</u></b>                    | <u>983,755</u>                   |

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**Notes to the condensed interim financial statements (unaudited)****FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023**

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**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.

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**Notes to the condensed interim financial statements (unaudited)**  
**FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023**

**17. FINANCIAL INSTRUMENTS (CONTINUED)**

**a) 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.

|  | 31 March 2023   |                |                             |             | Fair value |             |            |             |
|--|-----------------|----------------|-----------------------------|-------------|------------|-------------|------------|-------------|
|  | Carrying amount |                |                             |             |            |             |            |             |
|  | Fair value      | Amortized cost | Other financial liabilities | Total       | Level 1    | Level 2     | Level 3    | Total       |
| <b>Financial assets at fair value:</b>                   |                 |                |                             |             |            |             |            |             |
| Investments at fair value                                | 345,289,671     | -              | -                           | 345,289,671 | 77,856,508 | 209,785,196 | 57,647,967 | 345,289,671 |
| through profit or loss                                   | 345,289,671     | -              | -                           | 345,289,671 | 77,856,508 | 209,785,196 | 57,647,967 | 345,289,671 |
| <b>Financial assets at amortized cost:</b>               |                 |                |                             |             |            |             |            |             |
| Financial Investments at amortized cost                  | -               | 376,500,000    | -                           | 376,500,000 | -          | -           | -          | -           |
| Trade receivables  | -               | 64,196,215     | -                           | 64,196,215  | -          | -           | -          | -           |
| Cash and cash equivalents                                | -               | 139,965,350    | -                           | 139,965,350 | -          | -           | -          | -           |
|  | -               | 580,661,565    |                             | 580,661,565 | -          | -           | -          | -           |
| <b>Financial liabilities not measured at fair value:</b> |                 |                |                             |             |            |             |            |             |
| Trade payables   | -               | -              | 28,830,892                  | 28,830,892  | -          | -           | -          | -           |
| Accrued expenses and other payables                      | -               | -              | 82,316,465                  | 82,316,465  | -          | -           | -          | -           |
|  | -               | -              | 111,147,357                 | 111,147,357 | -          | -           | -          | -           |

**Notes to the condensed interim financial statements (unaudited)  
FOR THE THREE MONTH PERIOD ENDED 31 MARCH 2023**

**17. FINANCIAL INSTRUMENTS - FAIR VALUES AND RISK MANAGEMENT (CONTINUED)**

**a) Fair value measurement of financial instruments (continued)**

|  | <u>31 March 2022</u> |                |                             |             |             |
|--|----------------------|----------------|-----------------------------|-------------|-------------|
|  | Carrying amount      |                | Fair value                  |             |             |
|  | Fair value           | Amortized cost | Other financial liabilities | Total       |             |
| <b>Financial assets at fair value:</b>                   |                      |                |                             |             |             |
| Investments at fair value through profit or loss         | 658,417,627          | -              | -                           | 658,417,627 | 121,485,990 |
|  | 658,417,627          | -              | -                           | 658,417,627 | 121,485,990 |
| <b>Financial assets at amortized cost:</b>               |                      |                |                             |             |             |
| Financial investments at amortized cost                  | -                    | 220,000,000    | -                           | 220,000,000 | -           |
| Trade receivables  | -                    | 40,499,064     | -                           | 40,499,064  | -           |
| Cash and cash equivalents                                | -                    | 68,449,129     | -                           | 68,449,129  | -           |
|  | -                    | 328,948,193    | -                           | 328,948,193 | -           |
| <b>Financial liabilities not measured at fair value:</b> |                      |                |                             |             |             |
| Trade payables   | -                    | -              | 28,938,278                  | 28,938,278  | -           |
| Accrued expenses and other payables                      | -                    | -              | 57,217,817                  | 57,217,817  | -           |
|  | -                    | -              | 86,156,095                  | 86,156,095  | -           |

**18- SUBSEQUENT EVENTS**

No significant events occurred after 31 March 2023 and prior to the date on which the review report was signed that could have a material impact on the condensed interim financial statements.