

QASSIM CEMENT COMPANY

(A Saudi Joint Stock Company)

Condensed Interim Financial Statements (Unaudited)

For the three-month period ended 31 March 2021

together with the

Independent Auditor's Review Report

QASSIM CEMENT COMPANY
(A Saudi Joint Stock Company)
Condensed interim Financial Statements (Unaudited)
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Independent Auditor's Review Report
For the three-month period ended 31 March 2021

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KPMG Professional Services

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كي بي إم جي للاستشارات المهنية

واجهة الرياض، طريق المطار
صندوق بريد ٩٢٨٧٦
الرياض ١١٦٦٣
المملكة العربية السعودية
المركز الرئيسي

سجل تجاري رقم ١٠١٠٤٢٥٤٩٤

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 2021 condensed interim financial statements of Qassim Cement Company ("the Company") which comprises:

- the condensed interim statement of financial position as at 31 March 2021;
- the condensed Interim statement of profit or loss and other comprehensive income for the three-month period ended 31 March 2021;
- the condensed interim statement of changes in equity for the three-month period ended 31 March 2021;
- the condensed interim statement of cash flows for the three-month period ended 31 March 2021; 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 the 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 information 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 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 2021 condensed interim financial statements of Qassim Cement 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.



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

To the Shareholders of Qassim Cement Company (continued)

Other Matter

The condensed interim financial statements of the Company for the three-month period ended 31 March 2020 were reviewed by another auditor who expressed an unmodified conclusion on those condensed interim financial statements on 29 April 2020.

KPMG Professional Services

Dr. Abdullah Hamad Al Fozan
License No: 348

Riyadh, 17 Ramadan 1442H
Corresponding to: 29 April 2021



QASSIM CEMENT COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UNAUDITED)
As at 31 March 2021
(Saudi Riyals)

	<u>Note</u>	31 March 2021 (Unaudited)	31 December 2020 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	(6)	650,291,410	668,068,609
Projects in progress		9,540,189	9,606,587
Investment properties (lands)		9,516,450	9,516,450
Financial investments at FVTPL	(7-a)	63,865,085	63,865,085
Term Murabaha - non-current portion	(9)	100,000,000	100,000,000
Right-of-use assets		2,631,250	2,814,825
Total non-current assets		835,844,384	853,871,556
Current assets			
Inventories	(8)	282,272,635	295,676,450
Term Murabaha - current portion	(9)	150,000,000	150,000,000
Financial investments at FVTPL	(7-b)	597,279,183	621,178,885
Trade receivables		48,031,333	41,952,913
Prepaid expenses and other receivables		36,189,887	85,695,032
Cash and cash equivalents		138,837,650	66,893,586
Total current assets		1,252,610,688	1,261,396,866
Total assets		2,088,455,072	2,115,268,422
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		(4,081,829)	(4,081,829)
Retained earnings		636,043,023	643,170,058
Total equity		1,801,961,194	1,809,088,229
Liabilities			
Non-current liabilities:			
Provision for rehabilitation of areas subject to franchise license		12,250,892	12,010,857
Employees' benefits obligations		41,171,344	40,054,832
Long-term lease liabilities		1,840,365	2,007,078
Total non-current liabilities		55,262,601	54,072,767
Current liabilities			
Trade and other accounts payable		82,086,508	111,297,101
Dividend Receivable	(10)	67,642,440	67,507,996
Provision for Zakat		37,277,532	29,077,532
Other provisions		43,404,537	43,404,537
Short-term lease liabilities		820,260	820,260
Total current liabilities		231,231,277	252,107,426
Total liabilities		286,493,878	306,180,193
Total Equity and Liabilities		2,088,455,072	2,115,268,422

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

Mr. Alaa Abu-Ameereh

Finance Director

Eng. Omar Bin Abdullah Al
Omar

CEO and 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 2021
(Saudi Riyals)

	<u>Note</u>	For the three-month period ended	
		31 March 2021	31 March 2020
Sales		223,350,513	261,746,054
Cost of sales		(110,954,017)	(108,908,518)
Gross profit		112,396,496	152,837,536
Selling and marketing expenses		(2,716,472)	(2,654,735)
General and administrative expenses		(5,691,368)	(13,408,349)
Provision for expected credit losses on trade receivables		--	(7,554,959)
Operating profit		103,988,656	129,219,493
Unrealized gains/(losses) from investments at FVTPL, net		624,148	(17,138,559)
Dividends on investments at FVTPL		1,372,505	1,469,393
Revenue from Murabaha returns		2,900,000	3,964,293
Other income	(12)	466,043	601,539
Financial costs		(278,387)	(248,055)
Income before zakat		109,072,965	117,868,104
Zakat		(8,200,000)	(6,700,000)
Net income for the period		100,872,965	111,168,104
<u>Other comprehensive income:</u>			
<u>Items that will not be reclassified to profit or loss</u>			
Re-measurement of employees' end-of-service benefits		-	-
Total comprehensive income		100,872,965	111,168,104
Earnings per share of net income for the period:			
Basic	(13)	1.12	1.24
Diluted	(13)	1.12	1.24

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

Mr. Alaa Abu-Ameereh

Eng. Omar Bin Abdullah Al
Omar

Finance Director

CEO and Board Member

QASSIM CEMENT COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the period ended 31 March 2021
(Saudi Riyals)

	Share capital	Statutory reserve	Retained earnings	Cumulative changes in the items of other comprehensive income	Total
<u>For the three-month period ended 31 March 2020</u>					
Balance as at 1 January 2020	900,000,000	270,000,000	614,834,935	(687,349)	1,784,147,586
Income for the period	-	-	111,168,104	-	111,168,104
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	111,168,104	-	111,168,104
Dividends (Note 10)	-	-	(99,000,000)	-	(99,000,000)
Balance as 31 March 2020	<u>900,000,000</u>	<u>270,000,000</u>	<u>627,003,039</u>	<u>(687,349)</u>	<u>1,796,315,690</u>
<u>For the three-month period ended 31 March 2021</u>					
Balance as at 1 January 2021	900,000,000	270,000,000	643,170,058	(4,081,829)	1,809,088,229
Income for the period	-	-	100,872,965	-	100,872,965
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	100,872,965	-	100,872,965
Dividends (Note 10)	-	-	(108,000,000)	-	(108,000,000)
Balance as at 31 March 2021	<u>900,000,000</u>	<u>270,000,000</u>	<u>636,043,023</u>	<u>(4,081,829)</u>	<u>1,801,961,194</u>

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

Mr. Alaa Abu-Ameereh

Finance Director

Eng. Omar Bin Abdullah Al
Omar

CEO and 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 2021
(Saudi Riyals)

	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Income for the period	100,872,965	111,168,104
Adjustments:		
Zakat charge	8,200,000	6,700,000
Depreciation of property, plant and equipment	18,546,114	18,566,054
Depreciation of right-of-use assets	183,576	--
Other Provision	--	5,000,000
Provision for expected credit losses on trade receivables	--	7,554,959
Provision for obsolete and slow-moving inventory	141,133	--
Provision for prepaid expenses and other receivables		
Unrealized (gains)/losses from financial investments at FVTPL	(624,148)	17,138,559
Revenue from Murabaha returns	(2,900,000)	(3,964,293)
Employees' benefits obligations	1,817,115	2,384,452
Financial costs	278,387	248,055
Gains on disposal of property, plant and equipment	--	(92,100)
	126,515,142	164,703,790
Working capital changes:		
Inventories	13,262,681	12,433,872
Trade receivables	(6,078,420)	(13,891,896)
Prepaid expenses and other receivables	51,032,640	(71,996)
Trade and other payables	(29,210,593)	(15,384,323)
End-of-service benefits paid	(700,603)	(260,697)
Net cash generated from operating activities	154,820,847	147,528,750
Investing activities		
Payment for purchase property, plant and equipment	(702,517)	(4,174,570)
Proceeds from disposal of property, plant and equipment	--	92,101
Paid to purchase investments at fair value through profit or loss	(125,027,520)	(78,616,243)
Proceed from sale of investments at fair value through profit or loss	150,923,875	68,026,706
Proceed on due of term Murabaha	--	46,071,875
Net cash generated from investing activities	25,193,838	31,399,869
Financing activities		
Lease payments	(205,066)	--
Dividend paid	(107,865,555)	(98,272,948)
Net cash used in financing activities	(108,070,621)	(98,272,948)
Change in cash and cash equivalents during the period	71,944,064	80,655,671
Cash and cash equivalents at the beginning of the period	66,893,586	62,445,100
Cash and cash equivalents as at the end of the period	138,837,650	143,100,771
Significant non-cash transactions	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Projects in progress transferred to property, plant and equipment	179,425	50,000
Utilization part of provision for customer incentives	--	704,027

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

Mr. Alaa Abu-Ameereh

Finance Director

Eng. Omar Bin Abdullah Al
Omar

CEO and 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 2021

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 2021 and 31 December 2020, the share capital of the Company of 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 January and end on the 31st 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 31 March 2021 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 financial statements for the Company’s prior year as at 31 December 2020 (“prior 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 the prior year financial statements. Further, the results for the three-month period ended 31 March 2021 are not necessarily indicative of the results that may be expected for the year ended 31 December 2021.

These condensed interim financial statements have been approved for issuance by the audit committee on 13 Ramadan 1442H (corresponding to 25 April 2021) 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 interim 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 2021

3. USE OF ESTIMATES, ASSUMPTIONS AND JUDGMENTS

The preparation of the Company's condensed interim 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 POLICIES

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 2020.

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

a) New standards and 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 2021 which are described in the Company's annual financial statements but have no material impact on the condensed interim financial statements of the Company.

b) Standards issued but not adopted

Following are the standards and amendments that were issued but not effective until the date of issuance of the Company's condensed interim financial statements. The Company does not expect to have a material impact on the condensed interim financial statements if the below standards and amendments are adopted.

New standards and amendments	Effective for annual periods beginning on or after
IFRS -17 Insurance Contracts	1 January 2021
Classification of obligations (Amendments to IAS 1 "presentation of financial statements")	1 January 2022
Sale or Contribution of Assets Between the Investor and Its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	Available for optional adoption/ effective date deferred indefinitely

QASSIM CEMENT COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three-month period ended 31 March 2021

5. SEGMENT INFORMATION

The Company mainly operates in an operating sector, which is the manufacturing and selling of cement (packed/ bulk) and it is mainly sold to local customers and an investing sector.

The Company conducts most of its activities inside the Kingdom of Saudi Arabia, and therefore the financial information is not separated into geographical sectors.

The Company's sectors have been divided into units of operating sector and investing sector as follows:

The financial information for revenue and profits related to the sectors for the three month period ended 31 March 2021 and 2020 is as follows:

	<u>Investing sector</u>		<u>Investing sector</u>	
	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Revenue from contracts with customer	223,350,513	261,746,054	--	--
Income for the period before Zakat	104,176,312	129,572,977	4,896,653	(11,704,873)

Financial information of sectors' assets and liabilities as at 31 March 2021 and 31 December 2020 is as follows:

	<u>Investing sector</u>		<u>Investing sector</u>	
	31 March 2021 (Unaudited)	31 December 2020 (Audited)	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Total assets	1,177,310,804	1,180,224,452	911,144,268	935,043,970
Total liabilities	286,493,878	306,180,193	--	--

6. PROPERTY, PLANT AND EQUIPMENT

- a) As at 31 March 2021, the total cost of property, plant and equipment was SR 2,372 million (31 December 2020: SR 2,371 million), and the accumulated depreciation was SR 1,722 million (31 December 2020: SR 1,703 million). During the three-month period ended 31 March 2021, the Company has added property, plant, equipment and projects in progress of SR 0.882 million (for the year ended 31 December 2020: SR 3,070 million).
- b) As at 31 March 2021 and 31 December 2020, there were no mortgages on the Company's property, plant and equipment.

QASSIM CEMENT COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three-month period ended 31 March 2021

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

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Financial investments at FVTPL - non-current (7-a)	63,865,085	63,865,085
Financial investments at FVTPL - current (7-b)	597,279,183	621,178,885

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

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Balance at the beginning of the period / year	63,865,085	67,027,500
Additions during the period / year	-	4,654,940
Losses on financial investments at FVTPL	-	(7,817,355)
	63,865,085	63,865,085

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

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Balance at beginning of period/ year	621,178,885	468,075,993
Additions during the period / year	125,027,520	550,590,821
Disposals during the period/ year	(150,923,875)	(411,309,402)
Dividends on investments at FVTPL	1,372,505	1,901,727
Unrealized gain on investment at FVTPL	624,148	11,919,746
	597,279,183	621,178,885

- The above investments represent shares of mutual funds and Murabaha funds with banks and companies, and they are valued at fair value.
- The above investments included transactions with related parties that represent an investment in Ijara funds for the benefit of NBK Wealth Management. The type of relationship is the participation of the Chairman of the Company in chairing the Board of Directors of NBK Wealth Management. As at 31 March 2021, the balance amounted to SR 31.9 million (31 December 2020: SR 32 million) and gains during three-month period ended 31 March 2021 amounted to SR 541 thousand (31 March 2020: SR 255.4 thousand).

8. INVENTORIES

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Spare parts	108,856,828	111,134,367
Raw materials	19,843,071	19,130,220
Work in progress	170,259,568	183,515,635
Finished goods	2,002,104	3,680,467
Packing materials	1,892,232	3,333,593
Consumables and supplies	3,396,604	3,465,919
Good in transit	2,196,818	2,445,689
	308,447,225	326,705,890
Less: Provision for obsolete and slow-moving inventories	(26,174,590)	(31,029,440)
	282,272,635	295,676,450

QASSIM CEMENT COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three-month period ended 31 March 2021

8- INVENTORIES (CONTINUED)

The movement in provision for obsolete and slow-moving inventories is as follows:

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Balance at the beginning of the period / year	31,029,440	21,800,733
Provided for during the period / year	141,133	12,101,753
Utilized during the period/ year	(4,995,983)	(2,873,046)
	26,174,590	31,029,440

9. TERM MURABAHA

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Balance at the beginning of the period /year	250,000,000	330,129,199
Additions during the period/ year	-	225,000,000
Disposal during the period / year	-	(305,129,199)
	250,000,000	250,000,000

Term Murabaha as at the ending of the period/ year is as follows:

	31 March 2021 (Unaudited)	31 December 2020 (Audited)
Non-current portion of term Murabaha (*)	100,000,000	100,000,000
Current portion of term Murabaha	150,000,000	150,000,000

The above investments are represented in Murabaha compliant with the provisions of Sharia', and a return is due. The average commission rate is 4.54% per annum (2020: 4.64%). During the three-month period ended 31 March 2021, total Murabaha income of SR 2.9 million has been charged to the statement of profit or loss (31 March 2020: SR 3.96 million).

(*) Non-current portion of term Murabaha due on December 2022

10. DIVIDENDS

For the three-month period ended 31 March 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.

For the three-month period ended 31 March 2020

- On 29 January 2020, the Board of Directors has recommended, based on an authorization from the shareholders' general assembly, dividends of SR 99 million at SR 1.10 per share for the fourth quarter dividends of 2019.
- On 4 March 2020, the Company's shareholders' general assembly approved the distribution of dividends to the shareholders in the amount of SR 310.5 million at (SR 3.45) per share for the first, second, third and fourth quarter of 2019.

QASSIM CEMENT COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three-month period ended 31 March 2021

11. ZAKAT

a) Zakat

The Company has filed all due Zakat declarations up to the year ended 31 December 2019. On 2 Sha'aban 1441H (corresponding to 26 March 2020), the Company has received the final certificate for the year ended 31 December 2019 to enable it to finalize all of its transactions, including the reimbursements of its final contract receivables under the initiatives of GAZT supporting the private sector in light of the impacts associated with the outbreak of Coronavirus.

The Company has finalized Zakat assessment with GAZT up to the financial year ended 31 December 2007, and received final certificates from GAZT up to that date. The Company also has received restricted certificates for the years 2008 through 2018.

However, on 16 Rabi' II 1437H (corresponding to 26 January 2016), the Company has received a letter from GAZT stating that there is an additional assessment for the period from 2003 through 2007 of SR 4.353.758.

On 13 Jumada' II 1437H (corresponding to 22 March 2016), the Company has filed an appeal against the additional assessment memorandum.

A decision of the Third Primary Appeal Committee for Zakat & Tax in Riyadh No. (3) for 1439H was issued on 5 Safar 1439H (corresponding to 25 October 2017) to support Company's stand to not reopen the additional Zakat assessment of the aforementioned years.

In addition, on 10 Jumada' I 1438H (corresponding to 7 February 2017), the Company received, through the electronic system "Earad", amended Zakat returns for the years 2008 through 2014, based on the results of the field examination.

On 5 Sha'aban 1438H (corresponding to 1 May 2017), the Company paid the differences for the years 2009 through 2014.

The Company filed an appeal on the differences resulting from the amendment of the return for the fiscal year ended 31 December 2008 of SR 9,432,885 within the legal period permitted by an external consultant.

On Sunday, 20 Shaaban 1439H (corresponding to 6 May 2018), the hearing session was attended before the Third Primary Appeal Committee for Zakat & Tax in Riyadh to discuss the appeal.

On 5 Dhul Qi'dah 1439H (corresponding to 18 July 2018), the Company obtained the decision of the aforementioned committee that supported the Company's opinion on all items except for its objection to accounts payable item.

GAZT has partially appealed the decision. The appeal is currently being reviewed by the General Secretariat of Tax Committees.

As for the years from 2015 through 2018, the Company has submitted Zakat returns and financial statements for those years, paid Zakat due accordingly and obtained a restricted certificate for 2018.

During the year 2020, GAZT has also examined the Zakat returns filed for that period. Based on the examination outcome, GAZT issued letters of amendment on 11 Rabi' I 1442H (corresponding to 28 October 2020), whereby the Company paid the undisputed due differences of SR 596,609.

The Company also filed a partial objection on 30 Rabi' II 1442H (corresponding to 15 December 2020) with a total amount of SR 1,533,328 in relation to the 2015 and 2018 amendments.

QASSIM CEMENT COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the three-month period ended 31 March 2021

11. ZAKAT (CONTINUED)

b) Value Added Tax (VAT)

Since the implementation of the value-added tax system on 1 January 2018 until 31 March 2021, the Company has filed monthly VAT returns during the statutory period and has paid tax amount due.

The Company has benefited from the adjourning the payment of the value-added tax for several months as part of GAZT initiatives that support private sector in light of the impacts associated with Corona virus outbreak.

The Company has updated its systems and procedures to comply with the application of increase of value-added tax rate to 15% as of 1 July 2020, and in light of the transitional provisions issued by GAZT.

12. OTHER INCOME

	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Rental income	165,884	205,958
Deposits received from Human Resources Development Fund	125,504	51,485
Revenue from sale of cement dust	43,784	73,482
Insurance claims	--	159,827
Other miscellaneous income	130,871	110,787
	466,043	601,539

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	
	31 March 2021 (Unaudited)	31 March 2020 (Unaudited)
Income for the period	100,872,965	111,168,104
Number of shares		
Weighted average number of shares	90,000,000	90,000,000
Basic and diluted earnings per share	1.12	1.24

14. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at 31 March 2021, the Company has bank facilities in the form of letters of guarantee and letters of credit from commercial banks of SR 30.45 million (31 December 2020: SR 20.18 million).

As at 31 March 2021, the capital commitments on the Company are SR 7.63 million (31 December 2020: SR 4.2 million). As at 31 March 2021, the total value of project contracts amounted to SR 17.17 million (31 December 2020: SR 13.8 million).

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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:

	31 March 2021	31 March 2020
	(Unaudited)	(Unaudited)
Salaries and short-term benefits - key management personnel	5,086,076	4,881,143
BOD members remunerations and sub-committees	941,644	879,000
Post-employment benefits - key management personnel	183,803	247,162
	<u>6,211,523</u>	<u>6,007,305</u>

16. 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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16. FINANCIAL INSTRUMENTS (CONTINUED)

a) Fair value measurement of financial instruments

The following table shows the carrying amount 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 2021							
	Carrying value				Fair value			
	Fair value	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets at fair value:								
Investments at FVTPL	661,144,268	-	-	661,144,268	171,766,731	393,465,917	95,911,620	661,144,268
	661,144,268	-	-	661,144,268	171,766,731	393,465,917	95,911,620	661,144,268
Financial assets at amortized cost:								
Term Murabaha	-	250,000,000	-	250,000,000	-	-	-	-
Trade receivables	-	48,031,333	-	48,031,333	-	-	-	-
Cash and cash equivalents	-	138,837,650	-	138,837,650	-	-	-	-
	-	436,868,983	-	436,868,983	-	-	-	-
Financial liabilities not measured at fair value:								
Trade payables	-	-	17,478,012	17,478,012	-	-	-	-
Accrued expenses and other payables	-	-	64,608,496	64,608,496	-	-	-	-
	-	-	82,086,508	82,086,508	-	-	-	-

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16. FINANCIAL INSTRUMENTS (CONTINUED)

a) Fair value measurement of financial instruments (continued)

	31 December 2020							
	Carrying value			Fair value				
	Fair value	Amortized cost	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
Financial assets at fair value:								
Investments at FVTPL	685,043,970	-	-	685,043,970	298,590,120	290,542,230	95,911,620	685,043,970
	<u>685,043,970</u>	<u>-</u>	<u>-</u>	<u>685,043,970</u>	<u>298,590,120</u>	<u>290,542,230</u>	<u>95,911,620</u>	<u>685,043,970</u>
Financial assets at amortized cost:								
Term Murabaha	-	250,000,000	-	250,000,000	-	-	-	-
Trade receivables	-	41,952,913	-	41,952,913	-	-	-	-
Cash and cash equivalents	-	66,893,586	-	66,893,586	-	-	-	-
	<u>-</u>	<u>358,846,499</u>	<u>-</u>	<u>358,846,499</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Financial liabilities not measured at fair value:								
Trade payables	-	-	18,301,405	18,301,405	-	-	-	-
Accrued expenses and other payables	-	-	92,995,696	92,995,696	-	-	-	-
	<u>-</u>	<u>-</u>	<u>111,297,101</u>	<u>111,297,101</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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17. SIGNIFICANT EVENTS

The existence of novel coronavirus (COVID-19) was confirmed in early 2020 and has spread globally including the Kingdom of Saudi Arabia, causing disruptions to many businesses and economic activities.

However, the Company continued to operate while considering the health and safety of its workforce.

The Company's management has assessed its ability to continue as a going concern, and it believes that the Company has sufficient resources to continue its business in the foreseen future.

Moreover, the management does not have any significant doubts on the ability of the Company to continue as a going concern.

Accordingly, the Company is still preparing the financial statements on the going concern basis.

The management of the Company is currently monitoring the situation and its impact on the Company's operation, cash flows and financial position.

Management believes, based on their assessment, that the Company has sufficient liquidity available to continue to meet its financial commitments as and when they become due.

18. SUBSEQUENT EVENTS

No significant events occurred after 31 March 2021 and prior to the date on which the review report was signed that could have a material impact on the condensed interim financial statements.