

QASSIM CEMENT COMPANY
(A Saudi Joint Stock Company)
Condensed Interim Financial Statements
(Unaudited)
For the three-month and six-month periods
ended 30 June 2021
together with the
independent auditor's review report

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كي بي إم جي للاستشارات المهنية

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سجل تجاري رقم 1010425494

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 June 2021 condensed interim financial statements of Qassim Cement Company ("the Company"), which comprise:

- the condensed statement of financial position as at 30 June 2021,
- the condensed statement of profit or loss and other comprehensive income for the three-month and six-month periods ended 30 June 2021,
- the condensed statement of changes in equity for the six-month period ended 30 June 2021;
- the condensed statement of cash flows for the six-month period ended 30 June 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 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 June 2021 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

Dr. Abdullah Hamad Al Fozan
License No. 348

Al Riyadh, 3 Muharram 1443H
Corresponding to – 11 August 2021



QASSIM CEMENT COMPANY
(A Saudi Joint Stock Company)
INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
As at 30 June 2021
(Saudi Riyals)

	Note	30 June 2021 (Unaudited)	31 December 2020 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	(6)	634,390,558	668,068,609
Projects in progress		8,244,664	9,606,587
Investment properties (lands)		9,516,450	9,516,450
Financial investments at FVTPL	(7-a)	67,886,408	63,865,085
Financial investments at amortized cost - non-current portion	(9)	200,000,000	100,000,000
Right-of-use assets		2,447,674	2,814,825
Total non-current assets		922,485,754	853,871,556
Current assets			
Inventories	(8)	285,232,254	295,676,450
Financial investments at amortized cost - current portion	(9)	85,000,000	150,000,000
Financial investments at FVTPL	(7-b)	616,203,376	621,178,885
Trade receivables		46,035,674	41,952,913
Prepaid expenses and other receivables		30,715,577	85,695,032
Cash and cash equivalents		100,226,763	66,893,586
Total current assets		1,163,413,644	1,261,396,866
Total assets		2,085,899,398	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		637,219,668	643,170,058
Total equity		1,803,137,839	1,809,088,229
Liabilities			
Non-current liabilities			
Provision for rehabilitation of areas subject to franchise license		12,490,927	12,010,857
Employees' benefits obligations		41,552,077	40,054,832
Long-term lease liabilities		1,671,334	2,007,078
Total non-current liabilities		55,714,338	54,072,767
Current liabilities			
Trade and other accounts payable		102,941,816	111,297,101
Dividend receivable		68,490,374	67,507,996
Provision for Zakat		14,257,005	29,077,532
Other provisions		40,537,766	43,404,537
Short-term lease liabilities		820,260	820,260
Total current liabilities		227,047,221	252,107,426
Total liabilities		282,761,559	306,180,193
Total equity and liabilities		2,085,899,398	2,115,268,422

The accompanying notes 1 to 19 form an integral part of these condensed interim financial statements

Mr. Ala'a Abdul Hamid Abu Omaira

Eng. Omar Bin Abdullah Al Omar

Chief Financial Officer

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 six-month periods ended 30 June 2021
(Saudi Riyals)

	Note	For the three-month period ended		For the six-month period ended	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020
Sales		197,807,541	167,435,139	421,158,054	429,181,193
Cost of sales		(97,720,399)	(76,546,913)	(208,674,416)	(185,455,431)
Gross profit		100,087,142	90,888,226	212,483,638	243,725,762
Selling and marketing expenses		(2,680,882)	(2,414,640)	(5,397,354)	(5,069,375)
General and administrative expenses		(5,712,516)	(6,118,400)	(11,403,884)	(19,526,749)
Provision for expected credit losses on trade receivables		--	--	--	(7,554,959)
Operating profit		91,693,744	82,355,186	195,682,400	211,574,679
Unrealized gains / (losses) on investments at FVTPL, net		10,895,317	2,362,217	12,080,235	(14,490,122)
Income from investments at FVTPL		1,478,940	1,314,627	2,290,674	2,497,800
Income from financial investments at amortized cost		2,826,944	3,251,376	5,726,944	7,215,669
Other income	(12)	302,135	3,689,679	768,179	4,291,218
Miscellaneous expenses		(400,271)	--	(400,271)	--
Finance costs	(13)	(276,069)	(248,056)	(554,456)	(496,111)
Income before zakat		106,520,740	92,725,029	215,593,705	210,593,133
Zakat		(6,344,095)	(7,254,982)	(14,544,095)	(13,954,982)
Net income for the period		100,176,645	85,470,047	201,049,610	196,638,151
Other comprehensive income:					
Items that will not be reclassified to profit or loss:					
Re-measurement of employees' end-of-service benefits		--	--	--	--
Total comprehensive income		100,176,645	85,470,047	201,049,610	196,638,151
Earnings per share of net income for the period:					
Basic	(14)	1,11	0,95	2,23	2,18
Diluted	(14)	1,11	0,95	2,23	2,18

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Eng. Omar Bin Abdullah Al Omar

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Chief Executive Officer Board Member

QASSIM CEMENT COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the six-month period ended 30 June 2021
(Saudi Riyals)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>Retained earnings</u>	<u>Cumulative changes in the items of other comprehensive income</u>	<u>Total</u>
<u>For the six-month period ended 30 June 2020</u>					
Balance as at 1 January 2020	900,000,000	270,000,000	614,834,935	(687,349)	1,784,147,586
Profit for the period	--	--	196,638,151	--	196,638,151
Other comprehensive income	--	--	--	--	--
Total comprehensive income	--	--	196,638,151	--	196,638,151
Dividends (Note 10)	--	--	(189,000,000)	--	(189,000,000)
Balance as at 30 June 2020	<u>900,000,000</u>	<u>270,000,000</u>	<u>622,473,086</u>	<u>(687,349)</u>	<u>1,791,785,737</u>
<u>For the six-month period ended 30 June 2021</u>					
Balance as at 1 January 2021	900,000,000	270,000,000	643,170,058	(4,081,829)	1,809,088,229
Profit for the period	--	--	201,049,610	--	201,049,610
Other comprehensive income	--	--	--	--	--
Total comprehensive income	--	--	201,049,610	--	201,049,610
Dividends (Note 10)	--	--	(207,000,000)	--	(207,000,000)
Balance as at 30 June 2021	<u>900,000,000</u>	<u>270,000,000</u>	<u>637,219,668</u>	<u>(4,081,829)</u>	<u>1,803,137,839</u>

The accompanying notes 1 to 19 form an integral part of these condensed interim financial statements

Mr. Ala'a Abdul Hamid Abu Omaira

Eng. Omar Bin Abdullah Al Omar

Chief Financial Officer

Chief Executive Officer Board Member

QASSIM CEMENT COMPANY
(A Saudi Joint Stock Company)
CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)
For the six-month period ended 30 June 2021
(Saudi Riyals)

	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Operating activities		
Profit for the period	201,049,610	196,638,151
Adjustments:		
Zakat charge	14,544,095	13,954,982
Depreciation of property, plant and equipment	37,102,510	37,086,983
Depreciation of right-of-use assets	367,151	--
Other provisions	--	5,000,000
Provision for expected credit losses on trade receivables	--	7,554,959
Provision for obsolete and slow-moving inventory	2,019,224	--
Unrealized (gains)/losses from financial investments at FVTPL	(12,080,235)	14,490,122
Income from investments at FVTPL	(2,290,674)	(2,497,800)
Income from financial investments at amortized cost	(5,726,944)	(7,215,669)
Employees' benefits obligations	2,676,148	3,791,444
Finance costs	554,456	496,111
Write-off of projects in progress	--	30,060
Gains on disposal of property, plant and equipment	--	(92,099)
	238,215,341	269,237,244
Working capital changes:		
Inventories	8,424,972	1,374,103
Trade receivables	(4,082,761)	(8,985,743)
Prepayments and other receivables	56,705,767	(52,611)
Trade and other payables	(11,222,056)	(24,186,301)
Utilized from provision for claims and objections	--	(704,027)
End-of-service benefits paid	(1,178,903)	(297,450)
Amounts paid for Zakat	(29,364,622)	--
Net cash from operating activities	257,497,738	236,385,215
Investing activities		
Payment for purchase property, plant and equipment	(2,062,536)	(7,275,803)
Proceeds from disposal of property, plant and equipment	--	92,100
Paid to purchase investments at fair value through profit or loss	(202,902,720)	(226,369,100)
Proceeds from sale of investments at fair value through profit or loss	215,937,141	125,889,776
Paid to purchase financial investments at amortized cost	(235,000,000)	--
Proceeds when accrual of financial investments at amortized cost	206,291,306	129,570,637
Net cash (used in) / generated from investing activities	(17,736,809)	21,907,610
Financing activities		
Lease payments	(410,130)	--
Dividends paid	(206,017,622)	(187,253,366)
Net cash used in financing activities	(206,427,752)	(187,253,366)
Change in cash and cash equivalents during the period	33,333,177	71,039,459
Cash and cash equivalents as at the beginning of the period	66,893,586	62,445,100
Cash and cash equivalents as at the end of the period	100,226,763	133,484,559
Significant noncash transactions		
Projects in progress transferred to property, plant and equipment	2,149,390	50,000
Utilization part of provision for customer incentives	--	704,027

The accompanying notes 1 to 19 form an integral part of these condensed interim financial statements

Mr. Ala'a Abdul Hamid Abu Omaira

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 six-month period ended 30 June 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 30 June 2021 and 31 December 2020, 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 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 30 June 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 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 2020 (“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 six-month period ended 30 June 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 2 Muharram 1443H (corresponding to 10 August 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 statement of financial position:

- Term Murabaha and Sukuk are 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 six-month period ended 30 June 2021
(Saudi Riyals)

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 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 six-month period ended 30 June 2021
(Saudi Riyals)

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:

Financial information for revenue and profits related to the sectors for the six-month period ended 30 June 2021 and 2020 is as follows:

	Operating sector		Investing sector	
	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Revenue from contracts with customer	421,158,054	429,181,193	--	--
Income for the period before Zakat	195,495,852	215,369,786	20,097,853	(4,776,653)

Financial information of sectors' assets and liabilities as at 30 June 2021 and 31 December 2020 is as follows:

	Operating sector		Investing sector	
	30 June 2021 (Unaudited)	31 December 2020 (Audited)	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Total assets	1,116,809,614	1,180,224,452	969,089,784	935,043,970
Total liabilities	282,761,559	306,180,193	--	--

6. PROPERTY, PLANT AND EQUIPMENT

- a) As at 30 June 2021, the total cost of property, plant and equipment was SR 2,374 million (31 December 2020: SR 2,371 million). The accumulated depreciation was SR 1,740 million (31 December 2020: SR 1,703 million).

During the six-month period ended 30 June 2021, the Company has added property, plant, equipment and projects in progress in an amount of SR 2,1 million (for the year ended 31 December 2020: SR 16,8 million).

- b) As at 30 June 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 six-month period ended 30 June 2021
(Saudi Riyals)

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

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Financial investments at FVTPL - non-current (7- ¹)	67,886,408	63,865,085
Financial investments at FVTPL - current (7-b)	616,203,376	621,178,885

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

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Balance at beginning of period / year	63,865,085	67,027,500
Additions during the period / year	--	4,654,940
Gains / (Losses) on financial investments at FVTPL	4,021,323	(7,817,355)
	67,886,408	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

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Balance at beginning of period/ year	621,178,885	468,075,993
Additions during the period / year	202,902,720	550,590,821
Disposals during the period/ year	(215,937,141)	(407,433,607)
Unrealized gain on investment at FVTPL	8,058,912	9,945,678
	616,203,376	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 30 June 2021, the balance amounted to SR 30,7 million (31 December 2020: SR 32 million) and unrealized gains during six-month period ended 30 June 2021 was SR 1,1 million (30 June 2020: SR 600,5 thousand).

8. INVENTORIES

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Spare parts	111,375,518	111,134,367
Raw materials	18,168,647	19,130,220
Work in progress	169,499,968	183,515,635
Finished goods	4,037,520	3,680,467
Packing materials	2,089,372	3,333,593
Consumables and supplies	2,913,820	3,465,919
Good in transit	3,321,999	2,445,689
	311,406,844	326,705,890
Less: Provision for obsolete and slow-moving inventories	(26,174,590)	(31,029,440)
	285,232,254	295,676,450

QASSIM CEMENT COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the six-month period ended 30 June 2021
(Saudi Riyals)

8- INVENTORIES (CONTINUED)

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

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Balance at the beginning of the period / year	31,029,440	21,800,733
Provided during the period / year	2,019,224	12,101,753
Utilized during the period/ year	(6,874,074)	(2,873,046)
	<u>26,174,590</u>	<u>31,029,440</u>

9. FINANCIAL INVESTMENTS AT AMORTIZED COST

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Term Murabaha	185,000,000	250,000,000
Sukuks	100,000,000	-
	<u>285,000,000</u>	<u>250,000,000</u>

The movement during the period/year is as follows:

	30 June 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	235,000,000	225,000,000
Disposal during the period / year	(200,000,000)	(305,129,199)
	<u>285,000,000</u>	<u>250,000,000</u>

Financial investments as at the end of the period/year are as follows:

	30 June 2021 (Unaudited)	31 December 2020 (Audited)
Non-current portion of financial investments at amortized cost	<u>200,000,000</u>	<u>100,000,000</u>
Current portion of financial investments at amortized cost	<u>85,000,000</u>	<u>150,000,000</u>

The above investments are as follows:

- Murabaha compliant with the provisions of Sharia' on which a return is due. The average commission rate is 4.81% per annum (2020: 4.64%). During the six-month period ended 30 June 2021, total Murabaha income of SR 5,7 million has been booked to the statement of profit or loss (30 June 2020: SR 7,2 million).

- An investment in sukuk during the period amounting to SR 100 million with Alinma Bank, and a return is due thereon. The average commission is 4% per annum. No amounts were booked to the statement of profit or loss during the period (30 June 2020: Nil).

(*) Non-current portion of financial investments at amortized cost is due in December 2022 and June 2026.

QASSIM CEMENT COMPANY
(A Saudi Joint Stock Company)
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)
For the six-month period ended 30 June 2021
(Saudi Riyals)

10. DIVIDENDS

During the six-month period ended 30 June 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 to 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 2021.

During the six-month period ended 30 June 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.

On 4 May 2020, based on the authorization of the General Assembly to shareholders, the Board of Directors recommended to distribute dividends of SR 90 million at SR 1 per share for the first quarter dividends of 2020.

11. ZAKAT

a) Zakat

The Company has filed all due Zakat declarations up to the year ended 31 December 2020. On 17 Ramadan 1442H (corresponding to 29 April 2021), the Company obtained a certificate for the year ended 31 December 2020 to enable it to complete all its transactions, including the payment of its final accruals for contracts.

The Company has finalized Zakat assessment with Zakat, Tax and Customs Authority ("ZATCA") up to the financial year ended 31 December 2007, and received final certificates from ZATCA 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 ZATCA 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.

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11. ZAKAT (CONTINUED)

On 5 Sha'aban 1438H (corresponding to 1 May 2017), the Company paid the differences for the years from 2009 to 2014. It has filed an objection to the differences resulting from the amendment of the declaration for the fiscal year ended 31 December 2008 amounted to SR 9,432,885 during the permitted statutory time through an external advisor.

The objection was partially accepted, accordingly, the Company paid the differences due for Zakat of 2008 of SR 2,697,322 on 13 Ramadan 1442H (corresponding to 25 April 2021).

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

During the year 2020, ZATCA has also examined the Zakat returns filed for that period. Based on the results of the examination, objection and appeal, the Company has paid the amounts of Zakat differences due for that period amounting to SR 784,885.

The Company is also currently undergoing an examination of its Zakat returns for 2019 and 2020. The results of the examination were not yet finalized up to the date of the report.

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 VAT for several months as part of ZATCA 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 VAT rate to 15% as of 1 July 2020, and in light of the transitional provisions issued by ZATCA.

12. OTHER INCOME

	For the three-month period ended		For the six-month period ended	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Rental income	162,445	211,117	328,330	417,076
Deposits received from Human Resources Development Fund	281,205	107,450	406,709	158,935
Discount on electricity bill	--	3,216,758	--	3,216,758
Insurance claims	--	--	--	159,827
Other miscellaneous (expenses) / income	(141,515)	154,353	33,140	338,622
	302,135	3,689,678	768,179	4,291,218

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13. Finance Costs

	For the three-month period ended		For the six-month period ended	
	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Interest of rehabilitation plan of areas subject to franchise license	240,035	248,056	480,070	496,111
Lease liabilities interest	36,034	--	74,386	--
	276,069	248,056	554,456	496,111

14. BASIC AND DILUTED EARNINGS PER SHARE

Basic earnings per share was calculated by dividing the distributable income for the period among the shareholders who own the ordinary shares of the Company 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 six-month period ended	
	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Net income for the period	100,176,645	85,470,047	201,049,610	196,638,151
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	1,11	0,95	2,23	2,18

15. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at 30 June 2021, the Company has bank facilities in the form of letters of guarantee and letters of credit from commercial banks of SR 30,7 million (31 December 2020: SR 20,2 million).

As at 30 June 2021, the capital commitments on the Company are SR 9,2 million (31 December 2020: SR 4,2 million). As at 30 June 2021, the total value of project contracts amounted to SR 17,17 million (31 December 2020: SR 13,8 million).

16. 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:

	30 June 2021 (Unaudited)	30 June 2020 (Unaudited)
Salaries and short-term benefits - key management personnel	7,556,645	7,835,543
BOD members remunerations and sub-committees	1,741,644	1,654,000
Post-employment benefits - key management personnel	343,111	920,276
	9,641,400	10,409,819

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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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17. 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.

	30 June 2021							
	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 FVTPL	684,089,784	--	--	684,089,784	152,313,003	433,148,876	98,627,905	684,089,784
	684,089,784	--	--	684,089,784	152,313,003	433,148,876	98,627,905	684,089,784
Financial assets at amortized cost:								
Financial investments at amortized cost	--	285,000,000	--	285,000,000	--	--	--	--
Trade receivables	--	46,035,674	--	46,035,674	--	--	--	--
Cash and cash equivalents	--	100,226,763	--	100,226,763	--	--	--	--
	--	431,262,437	--	431,262,437	--	--	--	--
Financial liabilities not measured at fair value								
Trade payables	--	--	23,191,894	23,191,894	--	--	--	--
Accrued expenses and other payables	--	--	79,749,922	79,749,922	--	--	--	--
	--	--	102,941,816	102,941,816	--	--	--	--

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17- FINANCIAL INSTRUMENT – FAIR VALUE AND RISK MANAGEMENT (CONTINUED)

a) Fair value measurement of financial instruments (continued)

	31 December 2020							
	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 FVTPL	685,043,970	-	-	685,043,970	298,590,120	290,542,230	95,911,620	685,043,970
	685,043,970	-	-	685,043,970	298,590,120	290,542,230	95,911,620	685,043,970
Financial assets at amortized cost:								
Financial investments at amortized cost	-	250,000,000	-	250,000,000	-	-	-	-
Trade receivables	-	41,952,913	-	41,952,913	-	-	-	-
Cash and cash equivalents	-	66,893,586	-	66,893,586	-	-	-	-
	-	358,846,499	-	358,846,499	-	-	-	-
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	-	-	-	-
	-	-	111,297,101	111,297,101	-	-	-	-

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18. 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.

19. SUBSEQUENT EVENTS

No significant events occurred after 30 June 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.