

**QATAR NATIONAL CEMENT (Q.S.C.)  
DOHA - QATAR**

**INTERIM CONDENSED  
FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S  
REVIEW REPORT  
FOR THE SIX MONTH PERIOD ENDED  
JUNE 30, 2016**

**QATAR NATIONAL CEMENT COMPANY (Q.S.C.)**

**INTERIM CONDENSED FINANCIAL STATEMENTS**

For the six month period ended June 30, 2016

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## INDEPENDENT AUDITOR'S REVIEW REPORT

**To the Shareholders  
Qatar National Cement Company (Q.S.C.)  
Doha – Qatar**

### *Introduction*

We have reviewed the accompanying interim condensed statement of financial position of Qatar National Cement Company (Q.S.C.) (the "Company"), as of June 30, 2016, and the related interim condensed statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six month period then ended and certain explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

### *Scope of review*

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of the 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 International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## INDEPENDENT AUDITOR'S REVIEW REPORT (CONTINUED)

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 "Interim Financial Reporting";

### *Emphasis of matter*

Without qualifying our conclusion and as further explained in Note 5 (a) to the interim condensed financial statements, the license to use the land on which quarries, plants and housing are situated has expired in October 2015. The Company is currently in the process of getting this license renewed.

### *Other Legal and Regulatory Requirements*

As explained in Note 1 to the interim condensed financial statements, a new Qatar Commercial Companies Law was issued on July 7, 2015. The Company is in process of assessing its compliance with the new Qatar Commercial Companies Law which is effective from August 2016.

**Doha – Qatar**  
**July 28, 2016**

**For Deloitte & Touche**  
**Qatar Branch**



**Midhat Salha**  
**Partner**  
**License No. 257**

**QATAR NATIONAL CEMENT COMPANY (Q.S.C.)**

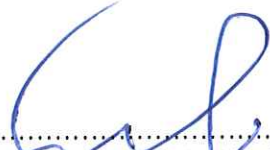
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**

As at June 30, 2016

	Notes	June 30, 2016 (Reviewed) QR'000	December 31, 2015 (Audited) QR'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	2,154,229	1,993,367
Investment properties	5	6,272	6,514
Intangible assets	6	13	539
Advances for construction of plant	7	53,346	81,484
Investment in associates	8	52,027	52,947
Available-for-sale financial assets	9	156,741	159,028
<b>Total non-current assets</b>		<b>2,422,628</b>	<b>2,293,879</b>
<b>Current assets</b>			
Inventories	10	427,550	387,691
Accounts receivables and other debit balances	11	192,856	195,809
Cash and cash equivalents		275,161	438,396
<b>Total current assets</b>		<b>895,567</b>	<b>1,021,896</b>
<b>TOTAL ASSETS</b>		<b>3,318,195</b>	<b>3,315,775</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	13	594,118	540,107
Legal reserve		270,053	270,053
Development reserve		406,589	406,589
Fair value reserve of available-for-sale financial assets		48,449	50,736
Share of fair value reserves of associates		7,981	10,981
Retained earnings		1,548,060	1,566,418
<b>Total equity</b>		<b>2,875,250</b>	<b>2,844,884</b>
<b>Non-current liabilities</b>			
Employees' end of service benefits		16,080	15,795
Other liabilities	12	100,918	132,142
		<b>116,998</b>	<b>147,937</b>
<b>Current liabilities</b>			
Accounts payable and other credit balances		217,362	247,904
Other liabilities	12	108,585	75,050
		<b>325,947</b>	<b>322,954</b>
<b>Total liabilities</b>		<b>442,945</b>	<b>470,891</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,318,195</b>	<b>3,315,775</b>



**Mr. Salem Bin Butti Al-Naimi**  
Chairman and Managing Director



**Mr. Mohammed Ali Al Sulaiti**  
General Manager

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED FINANCIAL STATEMENTS.

**QATAR NATIONAL CEMENT COMPANY (Q.S.C.)****INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS**

For the six month period ended June 30, 2016

	Notes	<b>Six month period ended June 30,</b>	
		<b>2016</b>	<b>2015</b>
		<b>(Reviewed)</b>	<b>(Reviewed)</b>
		<b>QR'000</b>	<b>QR'000</b>
Revenue		<b>584,944</b>	583,459
Cost of revenue		<b>(348,800)</b>	(352,999)
<b>Gross profit</b>		<b>236,144</b>	230,460
Other income	14	<b>26,473</b>	33,794
Selling and distribution expenses		<b>(3,266)</b>	(3,159)
General and administrative expenses		<b>(13,335)</b>	(19,914)
Share of profit from associates		<b>5,680</b>	1,435
<b>Profit for the period</b>		<b>251,696</b>	242,616
<b>Earnings per share</b>			
Basic earnings per share (QR.)	15	<b>4.24</b>	4.08
Diluted earnings per share (QR.)	15	<b>4.24</b>	4.08

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED  
FINANCIAL STATEMENTS.

**QATAR NATIONAL CEMENT COMPANY (Q.S.C.)**

**INTERIM CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

For the six month period ended June 30, 2016

	Note	<b>Six month period ended June 30,</b>	
		<b>2016</b>	<b>2015</b>
		<b>(Reviewed)</b>	<b>(Reviewed)</b>
		<b>QR'000</b>	<b>QR'000</b>
<b>Profit for the period</b>		<b>251,696</b>	<b>242,616</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to statement of profit or loss</b>			
Net changes in fair value of available-for-sale financial assets	9	(2,287)	1,161
Net changes in associates' share of fair value reserves		(3,000)	2,198
<b>Other comprehensive (loss) / income for the period</b>		<b>(5,287)</b>	<b>3,359</b>
<b>Total comprehensive income for the period</b>		<b>246,409</b>	<b>245,975</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED FINANCIAL STATEMENTS

**QATAR NATIONAL CEMENT COMPANY (Q.S.C.)**

**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**

For the six month period ended June 30, 2016

	Share capital QR'000	Legal reserve QR'000	Development reserve QR'000	Cumulative changes in fair value reserve related to		Retained earnings QR'000	Total QR'000
				Available for sale QR'000	Investment in associates QR'000		
Balance at January 1, 2015 (Audited)	491,006	245,503	406,589	60,234	8,782	1,384,508	2,596,622
Profit for the period	--	--	--	--	--	242,616	242,616
Issuance of bonus shares (Notes 13, 16)	49,101	--	--	--	--	(49,101)	--
Other comprehensive income for the period	--	--	--	1,161	2,198	--	3,359
Dividends distribution (Note 16)	--	--	--	--	--	(196,402)	(196,402)
<b>Balance at June 30, 2015 (Reviewed)</b>	<b>540,107</b>	<b>245,503</b>	<b>406,589</b>	<b>61,395</b>	<b>10,980</b>	<b>1,381,621</b>	<b>2,646,195</b>
Balance at January 1, 2016 (Audited)	540,107	270,053	406,589	50,736	10,981	1,566,418	2,844,884
Profit for the period	--	--	--	--	--	251,696	251,696
Issuance of bonus shares (Notes 13, 16)	54,011	--	--	--	--	(54,011)	--
Other comprehensive income for the period	--	--	--	(2,287)	(3,000)	--	(5,287)
Dividends distribution (Note 16)	--	--	--	--	--	(216,043)	(216,043)
<b>Balance at June 30, 2016 (Reviewed)</b>	<b>594,118</b>	<b>270,053</b>	<b>406,589</b>	<b>48,449</b>	<b>7,981</b>	<b>1,548,060</b>	<b>2,875,250</b>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED FINANCIAL STATEMENTS



**QATAR NATIONAL CEMENT COMPANY (Q.S.C.)**

**INTERIM CONDENSED STATEMENT OF CASH FLOWS**  
For the six month period ended June 30, 2016

	For the six month period ended	
	June 30,	
	2016 (Reviewed) QR'000	2015 (Reviewed) QR'000
<b>OPERATING ACTIVITIES</b>		
Profit for the period	251,696	242,616
Adjustments for:		
Depreciation and amortization	73,906	73,154
Dividend income	(7,986)	(8,634)
Interest income	(3,255)	(3,606)
Discounting income on long term payables	(7,032)	
Share of profit from associates	(5,680)	(1,435)
Provision for employees' end of service benefits	1,149	1,257
	<u>302,798</u>	<u>303,352</u>
Working capital changes:		
Inventories	(39,859)	(1,226)
Accounts receivables and other debit balances	2,953	(7,822)
Accounts, other credit balances and other liabilities	(21,199)	5,365
Cash from operations	244,693	299,669
Employees' end of service benefits paid	(864)	(383)
<b>Net cash from operating activities</b>	<u>243,829</u>	<u>299,286</u>
<b>INVESTING ACTIVITIES</b>		
Additions in property, plant and equipment	(205,862)	(130,212)
Advances paid for construction of plant	--	(221)
Dividend income received	7,986	8,634
Dividend income from associates	3,600	--
Interest income received	3,255	3,606
<b>Net cash used in investing activities</b>	<u>(191,021)</u>	<u>(118,193)</u>
<b>FINANCING ACTIVITIES</b>		
Dividend distribution	(216,043)	(196,402)
<b>Net cash used in financing activities</b>	<u>(216,043)</u>	<u>(196,402)</u>
Net decrease in cash and cash equivalents	(163,235)	(15,309)
Cash and cash equivalents at the beginning of the period	438,396	568,187
<b>Cash and cash equivalents at the end of the period</b>	<u>275,161</u>	<u>552,878</u>

**Non-cash transactions:**

On February 15, 2016, the Company declared 10% bonus share amounting to QR. 54,011 thousand (5,401 thousand shares at QR 10 each) (2015: 10% bonus share amounting to QR. 49,101 thousand (4,910 thousand shares at QR 10 each)).

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED FINANCIAL STATEMENTS

# QATAR NATIONAL CEMENT COMPANY (Q.S.C.)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the six month period ended June 30, 2016

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### 1 CORPORATE INFORMATION

Qatar National Cement Company (Q.S.C.) (the “Company”) was incorporated in the State of Qatar as a Qatari Shareholding Company, under the Emiri Decree No. 7 of 1965 with Commercial Registration No. 25. The Company’s head office is located in Doha, State of Qatar.

The Company is primarily engaged in the production and sale of cement, washed sand and lime at its plants located in Umm Bab and Al Rakiya in the State of Qatar. The sand plant is registered as a branch which is an integral part of these financial statements.

A new Qatar Commercial Companies Law was issued on July 7, 2015. Implementation of the new law was extended to be adopted by August 7, 2016. The Company is in the process of assessing its compliance with the new law.

### 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

#### 2.1 Basis of preparation

The interim condensed financial statements for the six month ended June 30, 2016 have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements as at December 31, 2015. In addition, results for the six month period ended June 30, 2016 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2016.

The interim condensed financial statements are prepared in Qatari Riyal (“QR”), which is the Company’s functional and presentation currency and all values are rounded to the nearest thousands (QR’000), except otherwise indicated.

#### 2.2 Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the annual financial statements for the year ended December 31, 2015 except for the adoption of new and revised standards and interpretations effective as of January 1, 2016. However, they do not impact the interim condensed financial statements of the Company.

In the current financial period, the Company has adopted certain new and revised standards and interpretations, mainly including:

##### **(i) New Standards:**

Effective for annual periods beginning on or after January 1, 2016

- IFRS 14 *Regulatory Deferral Accounts.*

## QATAR NATIONAL CEMENT COMPANY (Q.S.C.)

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS  
For the six month period ended June 30, 2016

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### 2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 2.2 Significant accounting policies (continued)

##### (ii) Revised Standards:

Effective for annual periods beginning on or after January 1, 2016

- IFRS 10 & IAS 28 (Revised) *Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture*
- IFRS 11 (Revised) *Amendments regarding the accounting for acquisitions of an interest in a joint operation.*
- IFRS 12 (Revised) *Amendments regarding the application of the consolidation exception.*

Effective for annual periods beginning on or after January 1, 2016

- IAS 1 (Revised) *Amendments resulting from the disclosure initiative.*
- IAS 16 (Revised) *Amendments regarding the clarification of acceptable methods of depreciation and amortization and amendments bringing bearer plants into the scope of IAS 16.*
- IAS 27 (Revised) *Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements.*
- IAS 38 (Revised) *Amendments regarding the clarification of acceptable methods of depreciation and amortization.*
- IAS 41 (Revised) *Amendments bringing bearer plants into the scope of IAS 16.*
- Annual Improvements 2012-2014 Cycle *Amendments to issue clarifications and add additional/specific guidance to IFRS 5, IFRS 7, IAS 19 and IAS 34.*

#### **Standards and amendments issued but not yet effective**

Certain new and revised standards that have been issued are not yet effective for the six month period ended 30 June 2016 and have not been early adopted in preparing these interim condensed financial statements. The Company is assessing the potential impact on initial application of IFRS 9, 15 and 16.

Management have not yet performed a detailed analysis of the impact of the application of these standards and hence have not yet quantified the extent of the impact.

### 3. CRITICAL JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**QATAR NATIONAL CEMENT COMPANY (Q.S.C.)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
For the six month period ended June 30, 2016

**4. PROPERTY, PLANT AND EQUIPMENT**

The movements during the period/year were as follows:

	<b>Six month period ended June 30, 2016 (Reviewed) (QR '000)</b>	<b>Year ended Dec. 31, 2015 (Audited) (QR '000)</b>
<b>Cost</b>		
Balance at beginning of the period/year	3,696,440	3,136,842
Additions during the period/year	205,862	490,462
Transferred from advances for capital assets	28,138	69,136
<b>Balance at end of the period/year</b>	<b>3,930,440</b>	<b>3,696,440</b>
<b>Accumulated Depreciation</b>		
Balance at beginning of the period/year	1,703,073	1,556,345
Depreciation charge for the period/year	73,138	146,728
<b>Balance at end of the period/year</b>	<b>1,776,211</b>	<b>1,703,073</b>
<b>Net book value at end of the period/year</b>	<b>2,154,229</b>	<b>1,993,367</b>

- a) The license to use the land on which quarries, plants and housing are situated has expired in October 2015. The Company is currently in the process of getting this license renewed.
- b) The Company has closed the operations of Cement Plant 1 in Umm Bab with effect from May 31, 2016. The net book value of Cement Plant 1 related assets was QR. 21 million as at June 30, 2016. The Company is in the process of assessing the recoverable amount of the said plant.

**5. INVESTMENT PROPERTIES**

a) The movements during the period/year were as follows:

	<b>Six month period ended June 30, 2016 (Reviewed) (QR '000)</b>	<b>Year ended Dec. 31, 2015 (Audited) (QR '000)</b>
<b>Cost</b>		
Balance at beginning of the period/year	42,557	42,557
<b>Balance at end of the period/year</b>	<b>42,557</b>	<b>42,557</b>
<b>Accumulated Depreciation</b>		
Balance at beginning of the period/year	36,043	34,875
Depreciation charge for the period/year	242	1,168
<b>Balance at end of the period/year</b>	<b>36,285</b>	<b>36,043</b>
<b>Net book value at end of the period/year</b>	<b>6,272</b>	<b>6,514</b>

**QATAR NATIONAL CEMENT COMPANY (Q.S.C.)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
For the six month period ended June 30, 2016

**5. INVESTMENT PROPERTIES (CONTINUED)**

- b) The interim condensed statement of profit or loss includes a sum of QR. 3.41 million as rental income from investment properties for the six month period ended June 30, 2016 (June 30, 2015: QR. 3.55 million). As per Management's estimation, the fair value of the investment properties as at June 30, 2016 is QR. 336 million (December 31, 2015: QR. 336 million).

**6. INTANGIBLE ASSETS**

- a) The movements during the period/year were as follows:

	<b>Six month period ended June 30, 2016 (Reviewed) (QR '000)</b>	<b>Year ended Dec. 31, 2015 (Audited) (QR '000)</b>
<b>Cost</b>		
Balance at beginning of the period/year	5,872	5,872
<b>Balance at end of the period/year</b>	<b>5,872</b>	<b>5,872</b>
<b>Accumulated Amortization</b>		
Balance at beginning of the period/year	5,333	3,376
Amortization charge for the period/year	526	1,957
<b>Balance at end of the period/year</b>	<b>5,859</b>	<b>5,333</b>
<b>Net book value at end of the period/year</b>	<b>13</b>	<b>539</b>

- b) Intangible assets represent the cost of software development – SAP ERP, which was completed and implemented in 2013. The software development cost is amortized on straight line basis over the estimated useful life of three years.

**7. ADVANCES FOR CONSTRUCTION OF PLANT**

The advances for capital nature assets are as follows:

	<b>June 30, 2016 (Reviewed) (QR '000)</b>	<b>Dec. 31, 2015 (Audited) (QR '000)</b>
Construction of Plant 5	50,759	77,876
Supply of slip ring / induction motors	2,056	2,056
Construction of new sub-station for Plant 5	461	1,493
Other advances	70	59
	<b>53,346</b>	<b>81,484</b>

## QATAR NATIONAL CEMENT COMPANY (Q.S.C.)

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS For the six month period ended June 30, 2016

#### 8. INVESTMENT IN ASSOCIATES

	Ownership 2016	Country of Incorporation	June 30, 2016 (Reviewed) (QR '000)	Dec. 31, 2015 (Audited) (QR '000)
Qatar Saudi Gypsum Industries Co. (W.L.L.)	33.325%	Qatar	26,751	29,837
Qatar Quarries & Building Materials Co. (P.Q.S.C.)	20.000%	Qatar	25,276	23,110
			<u>52,027</u>	<u>52,947</u>

The share from associates are based on the latest available financial statements as of December 31, 2015.

The movements during the period/year were as follows:

	Six month period ended June 30, 2016 (Reviewed) (QR '000)	Year ended Dec. 31, 2015 (Audited) (QR '000)
Balance at beginning of the period/year	52,947	49,313
Share in total comprehensive income	2,680	3,634
Receipt of dividends	(3,600)	--
<b>Balance at end of the period/year</b>	<u>52,027</u>	<u>52,947</u>

#### 9. AVAILABLE-FOR-SALE FINANCIAL ASSETS

The available-for-sale financial assets comprise of investments in shares of companies listed on Qatar Exchange. The fair value of the quoted equity shares is determined by reference to published price quotations in Qatar Exchange.

All these investments are considered as level – 1 fair value investments in the fair value hierarchy and there is no change in the fair value hierarchy from December 31, 2015.

The movements during the period/year were as follows:

	Six month period ended June 30, 2016 (Reviewed) (QR '000)	Year ended Dec. 31, 2015 (Audited) (QR '000)
Balance at beginning of the period/year	159,028	168,525
Net changes in fair value for the period/year	(2,287)	(9,497)
<b>Balance at end of the period/year</b>	<u>156,741</u>	<u>159,028</u>

**QATAR NATIONAL CEMENT COMPANY (Q.S.C.)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

For the six month period ended June 30, 2016

**10. INVENTORIES**

This item consists of the following:

	<b>June 30, 2016</b> <b>(Reviewed)</b> <b>(QR '000)</b>	Dec. 31, 2015 <b>(Audited)</b> <b>(QR '000)</b>
Raw materials	155,267	84,128
Work in progress	146,614	172,131
Finished goods	13,984	10,786
Spare parts	110,401	110,793
Fuel, oil and lubricants	1,822	1,406
Other miscellaneous stocks	3,196	3,265
	<u>431,284</u>	<u>382,509</u>
Provision for obsolete and slow moving inventories	(15,001)	(15,001)
	<u>416,283</u>	<u>367,508</u>
Goods in transit	11,267	20,183
	<u>427,550</u>	<u>387,691</u>

**11. ACCOUNTS RECEIVABLES AND OTHER DEBIT BALANCES**

	<b>June 30, 2016</b> <b>(Reviewed)</b> <b>(QR '000)</b>	Dec. 31, 2015 <b>(Audited)</b> <b>(QR '000)</b>
Accounts receivable	173,741	181,905
Provision for doubtful debts	(1,986)	(1,986)
	<u>171,755</u>	<u>179,919</u>
Advances to suppliers	15,917	9,847
Prepayments and other receivables	5,184	6,043
	<u>192,856</u>	<u>195,809</u>

**12. OTHER LIABILITIES**

	<b>June 30, 2016</b> <b>(Reviewed)</b> <b>(QR. '000)</b>	Dec. 31, 2015 <b>(Audited)</b> <b>(QR. '000)</b>
Claims payable to Qatar Petroleum	105,739	118,955
Payable to contractors	110,796	88,237
	<u>216,535</u>	<u>207,192</u>
<b>Less: long term payables</b>		
Claims payable to Qatar Petroleum	79,305	92,522
Payable to contractors	28,645	39,620
<b>Net short term payables</b>	<u>108,585</u>	<u>75,050</u>
Long term payables	107,950	132,142
Less: Discounting effect on long term payables	(7,032)	--
<b>Net long term payables</b>	<u>100,918</u>	<u>132,142</u>

**QATAR NATIONAL CEMENT COMPANY (Q.S.C.)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

For the six month period ended June 30, 2016

**13. SHARE CAPITAL**

	<b>June 30, 2016</b> <b>(Reviewed)</b>	<b>Dec. 31, 2015</b> <b>(Audited)</b>
Authorised, issued and fully paid:		
Share capital (QR'000)	<u>594,118</u>	<u>540,107</u>
No. of shares at QR. 10 nominal value ('000 shares)	<u>59,412</u>	<u>54,011</u>

On February 15, 2016, the Company declared 10% bonus share amounting to QR. 54,011 thousand (5,401 thousand shares at QR 10 each) (2015: 10% bonus share amounting to QR. 49,101 thousand (4,910 thousand shares at QR 10 each)).

**14. OTHER INCOME**

	<b>Six month</b> <b>period ended</b> <b>June 30, 2016</b> <b>(Reviewed)</b> <b>(QR '000)</b>	<b>Six month</b> <b>period ended</b> <b>June 30, 2015</b> <b>(Reviewed)</b> <b>(QR '000)</b>
Waiver of claim by Qatar Petroleum	--	12,881
Discounting income on long term payables	7,032	--
Dividend income	7,986	8,634
Interest income	3,255	3,606
Rental income	3,409	3,546
Transportation income	2,527	3,487
Gain on foreign currency exchange rate	522	--
Others	1,742	1,640
	<u>26,473</u>	<u>33,794</u>

**15. EARNINGS PER SHARE**

**a) Basic Earnings Per Share**

The basic earnings per share is computed by dividing the profit for the period attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period as follows:

	<b>Six month</b> <b>period ended</b> <b>June 30, 2016</b> <b>(Reviewed)</b>	<b>Six month</b> <b>period ended</b> <b>June 30, 2015</b> <b>(Reviewed)</b> <b>(Restated)</b>
Profit attributable to ordinary shareholders of the Company (QR. '000)	<u>251,696</u>	<u>242,616</u>
Weighted average number of ordinary shares outstanding ('000 shares)	<u>59,412</u>	<u>59,412</u>
Basic earnings per share (2015: Restated as a result of bonus shares - Notes 13 and 16)	<u>4.24</u>	<u>4.08</u>



## **QATAR NATIONAL CEMENT COMPANY (Q.S.C.)**

### **NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

For the six month period ended June 30, 2016

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#### **15. EARNINGS PER SHARE (CONTINUED)**

On February 15, 2016, the Company issued bonus shares equivalent to 10% of outstanding ordinary shares as at December 31, 2015 (Notes 13 and 16). The issuance of these bonus shares resulted into the restatement of basic and diluted earnings per share as of June 30, 2015.

##### **b) Diluted Earnings Per Share**

No separate diluted earnings per share were calculated since the diluted earnings per share were equal to the basic earnings per share.

#### **16. DIVIDENDS**

The shareholders in their Annual General Assembly held on February 15, 2016, resolved to distribute a cash dividend of 40% and non-cash dividend of 10% of the paid-up capital amounting to QR. 216,043 thousand and QR. 54,011 thousand, respectively, relating to the year ended December 31, 2015 (December 31, 2014: cash dividend of 40% of the paid up capital aggregating QR. 196,402 thousand and non-cash dividend of 10% of the paid-up capital which amounted to QR. 49,101 thousand).

#### **17. RELATED PARTY TRANSACTIONS**

##### **a) Transactions with Government of Qatar and its entities**

The Government of Qatar holds 43% of the Company's share capital. In the normal course of business, the Company supplies its commodities to various Government and semi Government agencies and companies in the State of Qatar. The Company also avails of various services from Government and semi Government agencies and companies in the State of Qatar.

The rental income includes a sum of QR. 2.5 million for the six month period ended June 30, 2016 (June 30, 2015: QR. 2.5 million) from the Government of Qatar.

##### **b) Transactions with key management personnel**

Key management personnel comprise the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the entity.

During the period ended June 30, 2016, the Company has paid a sum of QR. 1.68 million (June 30, 2015: QR. 1.77 million) to members of the Committees of the Board of Directors and salaries and benefits paid to key members of management amounted to QR. 3.24 million (June 30, 2015: 3.47 million).

**QATAR NATIONAL CEMENT COMPANY (Q.S.C.)****NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

For the six month period ended June 30, 2016

**18. COMMITMENTS AND CONTINGENCIES**

The following summarizes the significant contractual commitments and contingencies:

	June 30, 2016 (Reviewed) (QR '000)	Dec. 31, 2015 (Audited) (QR '000)
Capital commitments	10,449,420	22,670,373
Contingencies - Letters of credit	278,161,679	409,095,104

Letters of credit includes commitments related to the construction of Plant 5 at Umm Bab – State of Qatar.

**19. SEGMENT REPORTING**

The Company is organized into two major business segments, which comprises the manufacture and sale of cement and sand, and other by products. Geographically, the Company's entire business operations are concentrated in State of Qatar. The Chief Operating Decision Maker evaluates the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

**June 30, 2016 (Reviewed):**

	Cement	Sand	Others	Total
	QR	QR	QR	QR
Revenue	493,375	89,144	2,425	584,944
Cost of revenue	(283,391)	(64,047)	(1,362)	(348,800)
Gross profit	209,984	25,097	1,063	236,144
Other income	--	--	26,473	26,473
General and administrative expenses	(11,248)	(2,032)	(55)	(13,335)
Selling and distribution expenses	(2,755)	(498)	(13)	(3,266)
Share of profit from associates	--	--	5,680	5,680
Profit for the period	195,981	22,567	33,148	251,696

**QATAR NATIONAL CEMENT COMPANY (Q.S.C.)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**

For the six month period ended June 30, 2016

**19. SEGMENT REPORTING (CONTINUED)**

June 30, 2015 (Reviewed):

	Cement	Sand	Others	Total
	QR	QR	QR	QR
Revenue	496,944	83,055	3,460	583,459
Cost of revenue	(288,818)	(62,238)	(1,943)	(352,999)
Gross profit	208,126	20,817	1,517	230,460
Other income	--	--	33,794	33,794
General and administrative expenses	(12,771)	(2,134)	(5,009)	(19,914)
Selling and distribution expenses	(2,691)	(450)	(18)	(3,159)
Share of profit from associates	--	--	1,435	1,435
Profit for the period	192,664	18,233	31,719	242,616