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

DOHA – STATE OF QATAR

INDEPENDENT AUDITOR'S REPORT AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2020

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

DOHA – STATE OF QATAR

INDEX

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INDEPENDENT AUDITOR'S REPORT

To
The Shareholders
Qatar National Cement Company (Q.P.S.C.)
Doha – State of Qatar

Report on the Audit of the Financial Statements
Qualified Opinion
We have audited the financial statements of **Qatar National Cement Company (Q.P.S.C.) (the "Company"),** Doha-State of Qatar, which comprise the statement of financial position as at December 31, 2020, and the statement of profit or loss, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of matter described in the *Basis for Qualified Opinion section of our report,* the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Qualified Opinion

- The company has not made provision against electricity supply take-or-pay agreements as at December 31, 2020 for the amounts disclosed in note 29(b).

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in the State of Qatar, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matters
We draw attention to the following notes to these financial statements:

i) Note 5(b), which describes that the license issued by the Government of Qatar to use the land on which quarries, plants and buildings are situated has been expired in 2015. As of the reporting date, the Company is in the process of negotiating with competent authorities related to terms and conditions of the lease agreement.

ii) Note 29(c), where the Company is in the process of obtaining official acknowledgement, approval and consent from the respective authorities to ensure that there are no probable claims related to energy supplies against the suspended plants IV&V.

iii) Note 29(d), which describes that the Company is the defendant in a lawsuit filed by the Ministry of Municipality and Environment relating to the alleged extraction of raw materials outside of designated areas from 2008 to 2011.

Our opinion is not modified in respect of the above matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the basis for qualified opinion and emphasis of matters paragraphs above, we have determined the matters described below are key audit matters that need to be communicated in our report:

<table>
<tr><th>Key audit matters</th><th>How these key audit matters were addressed in our audit</th></tr>
<tr><td>Valuation, Existence and Recoverability of Inventory Balances:

As disclosed in note 10, the Company's inventories consist of various components and we have identified valuation and existence of raw materials, work in progress and finished goods and the recoverability of spare parts are the key area requiring particular considerations due to the followings:
The Company has significant levels of inventories amounting to QR.543,079,586 at the reporting date,
A significant portion of long outstanding spare parts are held for future maintenance purposes and practical obstacles in identifying net realizable value,
The existence of raw materials, work in progress and finished goods are ascertained based on the outcome of externally appointed quantity surveyor with the specific expertise knowledge and experience. Further, surveying process also involves use of complex measurement factors,
In arriving at the valuation of various types of inventories, the Company deploys different processes and techniques. Specifically, the cost of work in progress and finished products, involves the use of raw materials, the allocation of payroll cost and other overheads using a complex process.
The accounting policies for inventory are outlined in note 3.</td><td>Our procedures in relation to valuation, existence and recoverability of inventories included but not limited:
Assessing the design and implementation of controls over the existence and valuation of inventory,
Attending the physical inventory count at the year end and physically observed whether the long aged spare parts are in usable conditions,
Reviewing the Company's process of reflecting the results of the physical inventory count and surveyor's outcome into the accounting records,
We agreed the quantities and valuation of inventories in the final inventory compilation to the results of the quantity surveys and the test counts we performed at the physical inventory count,
Assessed the methodology applied by the management in the allocation of production overheads to inventory valuation and re-perform the inventory valuation to support the valuation of inventories,
For purchased items of inventory including raw materials and spare parts, reviewing the Company's procurement process and tested the costs recorded to supporting documentation on a sample basis,
Testing the net realizable values of inventories by comparing with the post year-end sales prices of similar goods,
Testing the adequacy of the Company's provisions against inventory by assessing the board of directors' assumptions and the Company's policy,
Examining the external surveyor's report and understanding the key estimates made and approach taken by the surveyor in determining the inventory quantities and also assessing the competency, capability and objectivity.</td></tr>
</table>

Impairment and useful life assessment of property, plant and equipment (the "Assets"):	Our procedures in relation to impairment and useful life assessment of property, plant and equipment (the "Assets") included but not limited:
Based on the nature of Company's business activities, the assets including cement plants are critical to annually review, asses and test whether; • There is an indication that the above assets are impaired, • There is an event or condition that requires the revision of useful lives. The assessment of impairment and useful lives of the above assets are identified as key audit matters due to followings; • Carrying value of the above assets are material, • The annual review of useful life, residual value and depreciation method of cement plants and certain buildings are assessed by the management with reference to the externally appointed consultant's opinion and other assets are assessed based on available facts and circumstances. This involves significant degree of management judgment and estimates, • Due to COVID 19 impact, the operations of the plants IV and V were suspended. Hence, based on the annual review of the useful lives, the above plants and certain buildings useful lives have been revised and adjusted prospectively, • As a result of plant I has been discontinued its operation, there is likelihood of impairment of this plant and other integral assets, • Determining the recoverable value and useful lives of the above assets require number of significant assumptions and judgments. The accounting policies and notes related to impairment and the above assets are disclosed in note 3 and 5.	• Testing the design and implementation of key controls on the processes of estimating useful lives, residual values and recoverable values of the above assets, • Understanding and evaluation of the process of identifying triggering events for impairment of the above assets including the impact of COVID 19, • Based on our knowledge and experience of the industry and understanding of the assets nature, critically evaluate the Company's assessment of possible internal and external indicators of impairment in relations to the plants such as obsolescence, decline in market value, operating losses and other factors, • Assessing the competence and capabilities of those who involved in the technical assessment of recoverable amount and useful lives, • Evaluate and assess the credentials, methodology, appropriateness, key assumptions and other factors used by the externally appointed consultant for the review, assessments and reconsideration of useful lives of the above assets, • Re-computing the depreciation and comparing it with the depreciation expenses reported in the financial statement to ensure that revision to useful life has been prospectively adjusted.

Other Matter

The financial statements for the year ended December 31, 2019 of **Qatar National Cement Company (Q.P.S.C.) (the "Company"),** Doha-State of Qatar, were audited by another auditor whose report dated January 26, 2020 expressed an un-modified opinion on those financial statements but included emphasis of matter paragraphs related to certain matters disclosed in note 29(b) to these financial statements and matters (i) and (iii) emphasized in this report.

Other Information

The management is responsible for the other information. The other information comprises the information included in the Company's Annual Report of year 2020 (the "Annual Report") but does not include the financial statements and our auditor's report thereon. The Annual Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the applicable provisions of Qatar Commercial Companies Law, and for such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of accounts have been kept by **Qatar National Cement Company (Q.P.S.C.) (the "Company"),** Doha-State of Qatar, an inventory count has been conducted in accordance with established principles, and the financial statements comply with the Qatari Commercial Companies' Law No. 11 of 2015 and the Company's Articles of Association. Except for the matters described in the Basis for Qualified Opinion paragraph and Emphasis of Matter paragraphs, we have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any violations of the above mentioned law or the Articles of Association having occurred during the year which might have had a material effect on the business of the Company or on its financial position.

TALAL ABU-GHAZALEH & CO.

Hazim Al Surkhi, CPA
(Licence No.119)
QFMA Licence No. 120152
Doha, January 27, 2021

QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)
DOHA – STATE OF QATAR

EXHIBIT "A"

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2020

	Note	2020 (QR.)	2019 (QR.)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment and capital work in progress	-5-	**1,885,265,703**	2,017,853,930
Investment properties	-6-	**4,186,537**	4,640,254
Investment in associates	-8-	**53,185,084**	53,503,149
Financial assets at fair value through other comprehensive income-equity instruments	-9-	**206,620,665**	225,557,797
Total Non-Current Assets		**2,149,257,989**	2,301,555,130
CURRENT ASSETS			
Inventories	-10-	**543,079,586**	574,720,463
Accounts and other receivables	-11-	**326,321,698**	411,160,383
Cash and cash equivalents	-12-	**295,218,858**	210,796,792
Total Current Assets		**1,164,620,142**	1,196,677,638
Total Assets		**3,313,878,131**	3,498,232,768
EQUITY AND LIABILITIES			
EQUITY			
Share capital	-13-	**653,528,940**	653,528,940
Legal reserve	-14-	**326,764,470**	326,764,470
Fair value reserve of financial assets at fair value through other comprehensive income-equity instruments	-15-	**50,392,459**	50,127,629
Share of fair value reserves of associates	-16-	**8,843,126**	10,224,295
Retained earnings		**2,004,531,380**	2,047,254,151
Total Equity – Exhibit D		**3,044,060,375**	3,087,899,485
NON-CURRENT LIABILITIES			
Employees' end of service benefits	-17-	**10,588,431**	12,201,935
CURRENT LIABILITIES			
Accounts and other payables	-18-	**259,229,325**	306,881,348
Borrowings	-19-	**-0-**	91,250,000
Total Current Liabilities		**259,229,325**	398,131,348
Total Liabilities		**269,817,756**	410,333,283
Total Equity and Liabilities		**3,313,878,131**	3,498,232,768

These financial statements were approved by the Board of Directors on January 27, 2021 and signed on its behalf by:

Salem Bin Butti Al-Naimi
Chairman

Sulaiman Khalid Al Mana
Deputy Chairman

THE ACCOMPANYING NOTES 1 TO 34 CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)
DOHA – STATE OF QATAR

EXHIBIT "B"

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020 (QR.)	2019 (QR.)
Revenue	-20-	**659,622,002**	703,035,600
Cost of sales	-21-	**(494,119,208)**	(515,501,222)
Gross profit		**165,502,794**	187,534,378
Other income	-22-	**23,379,903**	32,522,398
General and administrative expenses	-23-	**(24,255,163)**	(32,863,457)
Selling and distribution expenses	-24-	**(16,754,842)**	(6,452,628)
Share of profit (loss) from associates	-8-	**1,063,104**	(2,485,613)
Finance charges		**(480,439)**	(6,091,605)
Profit for the year – Exhibits C, D & E		**148,455,357**	172,163,473
Earnings per share			
Basic earnings per share (QR.)	-25-	**0.23**	0.26
Diluted earnings per share (QR.)	-25-	**0.23**	0.26

EXHIBIT "C"

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020 (QR.)	2019 (QR.)
Profit for the year – Exhibit B		**148,455,357**	172,163,473
Other comprehensive income:			
Items that will be reclassified subsequently to profit or loss:			
Net changes in share of fair value reserves of associates	-16-	**(1,381,169)**	3,633,819
Items that will not be reclassified subsequently to profit or loss:			
Net changes in fair value of financial assets at fair value through other comprehensive income-equity instruments	-15-	**8,856,768**	46,752,141
Other comprehensive income for the year – Exhibit D		**7,475,599**	50,385,960
Total comprehensive income for the year– Exhibit D		**155,930,956**	222,549,433

QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)
DOHA – STATE OF QATAR

EXHIBIT "D"

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020

	Share Capital (QR.)	Legal Reserve (QR.)	Fair Value Reserve of Financial Assets at FVOCI-Equity Instruments (QR.)	Share of Fair Value Reserves of Associates (QR.)	Retained Earnings (QR.)	Total (QR.)
Balance as at January 01, 2019	653,528,940	326,764,470	27,691,991	6,590,476	2,181,842,732	3,196,418,609
Total comprehensive income for the year						
Profit for the year – Exhibit B	-0-	-0-	-0-	-0-	172,163,473	172,163,473
Other comprehensive income						
Net changes in share of fair value reserves of associates	-0-	-0-	-0-	3,633,819	-0-	3,633,819
Net changes in fair value of financial assets at fair value through other comprehensive income-equity instruments	-0-	-0-	46,752,141	-0-	-0-	46,752,141
Other comprehensive income for the year – Exhibit C	-0-	-0-	46,752,141	3,633,819	-0-	50,385,960
Total comprehensive income for the year – Exhibit C	-0-	-0-	46,752,141	3,633,819	172,163,473	222,549,433
Social and sports fund contribution – Note 27	-0-	-0-	-0-	-0-	(4,304,087)	(4,304,087)
De-recognition of fair value reserve upon disposals - Note 15	-0-	-0-	(24,316,503)	-0-	24,316,503	-0-
Dividend distribution for the year 2018 – Note 30	-0-	-0-	-0-	-0-	(326,764,470)	(326,764,470)
Balance as at December 31, 2019 – Exhibit A	653,528,940	326,764,470	50,127,629	10,224,295	2,047,254,151	3,087,899,485
	======	======	======	======	=======	======
Balance as at January 01, 2020	**653,528,940**	**326,764,470**	**50,127,629**	**10,224,295**	**2,047,254,151**	**3,087,899,485**
Total comprehensive income for the year						
Profit for the year – Exhibit B	**-0-**	**-0-**	**-0-**	**-0-**	**148,455,357**	**148,455,357**
Other comprehensive income						
Net changes in share of fair value reserves of associates	**-0-**	**-0-**	**-0-**	**(1,381,169)**	**-0-**	**(1,381,169)**
Net changes in fair value of financial assets at fair value through other comprehensive income-equity instruments	**-0-**	**-0-**	**8,856,768**	**-0-**	**-0-**	**8,856,768**
Other comprehensive income for the year – Exhibit C	**-0-**	**-0-**	**8,856,768**	**(1,381,169)**	**-0-**	**7,475,599**
Total comprehensive income for the year – Exhibit C	**-0-**	**-0-**	**8,856,768**	**(1,381,169)**	**148,455,357**	**155,930,956**
Social and sports fund contribution – Note 27	**-0-**	**-0-**	**-0-**	**-0-**	**(3,711,384)**	**(3,711,384)**
De-recognition of fair value reserve upon disposals – Note 15	**-0-**	**-0-**	**(8,591,938)**	**-0-**	**8,591,938**	**-0-**
Dividend distribution for the year 2019 – Note 30	**-0-**	**-0-**	**-0-**	**-0-**	**(196,058,682)**	**(196,058,682)**
Balance as at December 31, 2020 – Exhibit A	**653,528,940**	**326,764,470**	**50,392,459**	**8,843,126**	**2,004,531,380**	**3,044,060,375**
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THE ACCOMPANYING NOTES 1 TO 34 CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

QATAR NATIONAL CEMENT COMPANY (Q.P.S.C.)
DOHA – STATE OF QATAR

EXHIBIT "E"

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Note	2020 (QR.)	2019 (QR.)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year– Exhibit B		**148,455,357**	172,163,473
Adjustments for:			
Depreciation of property, plant and equipment and investment properties		**146,352,096**	175,304,970
Provision for obsolete and slow moving inventories		**872,419**	1,309,473
Rental income		**(9,378,071)**	(9,573,373)
Interest income		**(2,191,352)**	(8,142,628)
Dividend income		**(7,639,658)**	(14,224,117)
Amortization of discount on long term payable		**-0-**	1,483,315
Share of (profit)loss from associates		**(1,063,104)**	2,485,613
Provision for employees' end of service benefits		**1,251,615**	1,530,907
Provision for expected credit losses		**431,075**	-0-
Operating profit before working capital changes		**277,090,377**	322,337,633
Changes in operating assets and liabilities			
-Inventories		**30,768,458**	(179,495,064)
-Accounts and other receivables		**84,145,261**	(83,521,871)
-Accounts and other payables		**(47,059,320)**	19,600,194
Cash generated from operations		**344,944,776**	78,920,892
Employees' end of service benefits paid		**(2,865,119)**	(1,948,917)
Social and sports fund contribution paid		**(4,304,087)**	(8,695,954)
Net cash from operating activities		**337,775,570**	68,276,021
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment and capital work in progress		**(13,310,152)**	(31,426,519)
Additions to financial assets at fair value through other comprehensive income -equity instruments		**(25,280,195)**	(82,415,383)
Proceeds from disposals of financial assets at fair value through other comprehensive income – equity instruments		**53,074,095**	123,933,622
Rental income received		**9,378,071**	9,573,373
Interest income received		**2,453,701**	7,752,115
Dividend income received from associates		**-0-**	1,333,334
Dividend income received		**7,639,658**	14,224,117
Net cash from investing activities		**33,955,178**	42,974,659
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		**(91,250,000)**	(182,500,000)
Dividend distribution		**(196,058,682)**	(326,764,470)
Net cash (used in) financing activities		**(287,308,682)**	(509,264,470)
Net increase (decrease) in cash and cash equivalents		**84,422,066**	(398,013,790)
Cash and cash equivalents at beginning of the year		**210,796,792**	608,810,582
Cash and cash equivalents at end of the year	-12-	**295,218,858**	210,796,792
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THE ACCOMPANYING NOTES 1 TO 34 CONSTITUTE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

1) GENERAL INFORMATION

Qatar National Cement Company (Q.P.S.C.) (the "Company") was incorporated in the State of Qatar as a Qatari Public 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 and it is a listed company on the Qatar Stock Exchange.

The company is primarily engaged in the production and sale of cement, washed sand and other related products at its plants located in Umm Bab and Al Rakiyat in the State of Qatar.

These financial statements include the assets, liabilities and results of operation of the company's branch registered under the commercial registration number 25/1.

2) APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

i) New and amendments to the standards, new and revised interpretations and annual improvements to IFRSs affecting amounts reported and/or disclosures in the financial statements

The accounting policies adopted in the preparation of these financial statements and the notes attached thereto are consistent with those used in the preparation of the previous financial statements for the year ended December 31, 2019, except for certain amendments to the standards that became effective in the current year as described below:

Amendments to the Standards		Effective Date
IFRS 3	Definition of a Business	January 01, 2020
IFRS 9, 7 & IAS 39	Interest Rate Bench Mark Reform	January 01, 2020
IAS 1 & 8	Definition of Material	January 01, 2020

In addition to the above amendments to the Standards, reference to the conceptual framework for financial reporting was amended with effective from January 01, 2020. The conceptual framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any other standard. The revised conceptual framework includes some new concepts, definitions and recognitions criteria for assets and liabilities and clarifies some important concepts.

The above amendments to the standards and conceptual framework have been adopted by the company, where applicable, and which did not have any material impact on the accounting policies, financial position or performance of the Company.

ii) New and amendments to IFRSs issued but not yet effective

The following new, amendments and improvements to the standards have been issued but are not yet effective and the company intends to adopt these standards, where applicable, when they become effective;

New Standard		Effective Date
IFRS 17	Insurance Contracts	January 01, 2023
Amendments to the Standards		**Effective Date**
IFRS 16	Covid 19- Related Rent Concessions	June 01, 2020
IAS 28 & IFRS 10	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred Indefinitely
IAS 1	Classification of Liabilities as Current/Non-current	January 01, 2023
IAS 16	Proceeds Before Intended Use	January 01, 2022
IAS 37	Onerous Contracts – Cost of Fulfilling a Contract	January 01, 2022
IFRS 3	Reference to the Conceptual Framework	January 01, 2022

In addition to the above as part of annual improvements to IFRS standards 2018-2020 cycle, the following standards have been amended;

IFRS 1	Subsidiary as a first-time adopter	January 01, 2022
IFRS 9	Fees test for derecognition of financial liabilities	January 01, 2022
IAS 41	Taxation in fair value measurement	January 01, 2022
IFRS 16	Reimbursement of Leasehold Improvements	Yet to determine

3) SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance

The accompanying financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and the applicable provisions of the Qatari Commercial Companies Law No. 11 of 2015.

b) Basis of Preparations

The financial statements have been drawn up from the accounting records of the Company under the historical cost convention except for the investments in equity instruments and associates. Historical cost is generally based on fair value of the consideration initially given in exchange for assets.

c) Functional and Presentation Currency

The financial statements are presented in Qatari Riyals (QR.) which is the Company's functional and presentation currency and all values are rounded to the nearest Qatari Riyals (QR.) except when otherwise indicated.

d) Use of Estimates and Judgments

The information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the Note 4.

e) Property, Plant and Equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management including applicable borrowing cost.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, including the capitalized borrowing. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Items such as spare parts, stand-by equipment and servicing equipment are recognized as property, plant and equipment when they meet the definition of property, plant and equipment as per IAS 16. The capitalized spares are considered necessary by the management to ensure the continuity of the production process and are depreciated from the date they become available for use.

Depreciation

Depreciation on all property, plant and equipment is charged to the profit or loss on the straight line method commencing when the assets are ready for their intended use, so as to write off the historical cost of such asset over its estimated useful life. The estimated useful lives, residual values and depreciation methods are reviewed at each reporting period, the effect of any changes in estimation accounted for on a prospective basis as promulgated by applicable International Financial Reporting Standards.

Consequently, as disclosed in note 5(h) to these financial statements, reasonable assessment have been made by the management to revise estimated useful lives of plants IV and V along with its integral buildings. The decision was taken with effective from July 01, 2020 based on external consultant's outcome and considering the following factors:

- Expected usage of the above plants assessed by reference to their expected capacity and physical output,
- Expected physical wear and tear, which generally depends on operational factors such as the how frequent and number of shifts for which the above plants are to be used and the repair and maintenance plan and schedules and the care and maintenance of the asset while idle,
- Technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the above plants. Expected future reductions in the selling price of an item that was produced using an asset could indicate the expectation of technical or commercial obsolescence of the plants, which, in turn might reflect a reduction of the future economic benefits embodied in those plants
- Legal or similar limits on the use of the above plants, such as the expiry dates of related leases of the land where plant and buildings are operated.

The estimated useful lives are as follows:

Description	**Until June 30, 2020**	**From July 01, 2020**
Buildings - except plants IV & V	5 - 20 years	5 - 20 years
Buildings attached to plants IV & V	20 years	40 years
Plant, equipment and tools –except plants IV & V	3 - 20 years	3 - 20 years
Plant and equipment attached to plants IV & V	10 - 20 years	35 years
Motor vehicles	5 - 10 years	5 - 10 years
Furniture and fixtures	3 - 20 years	3 - 20 years

In general the residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. The major influential factors and assumptions used for the estimation of useful life of the assets are not materially deviated during the year. However, the operation of the cement plants IV & V have been suspended with effective from April 01, 2020 until further notice due to COVID 19 impacts. As a result, the management has reconsidered their assumptions about the future use of assets, specifically the remaining useful life and residual value. The plants IV and V are under-utilized and idled for unspecified period, which require reassessment of the useful life estimates used in the depreciation calculation.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to profit or loss during the period in which they are incurred.

Derecognition of property, plant and equipment

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

Capital work in progress

Properties in the course of construction and installation for production, rental or administrative purposes, or for purpose not yet determined are defined as capital work in progress and carried at cost, less any recognized impairment loss. Cost includes all capital nature expenditures including applicable borrowing cost, if it meets the criteria of qualifying assets. Capital work in progress are reclassified to appropriate category of property, plant and equipment and depreciated when completed and ready for their intended use.

f) Investment Properties

Investment properties are properties (land or building or part of building or both) held to earn rentals or for capital appreciation or both, but not for sale in ordinary course of business, use in the production or supply of goods or services or for administrative purpose. Investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated based on the estimated useful lives of the applicable assets on a straight line basis when the assets are ready for their intended use, so as to write off the historical cost of such asset over its estimated useful life. Investment properties, other than land, are depreciated on a straight-line basis over their estimated useful lives of 20-30 years. The estimated useful lives, residual values and depreciation methods are reviewed at each reporting period, the effect of any changes in estimation is accounted for on a prospective basis as promulgated by applicable International Financial Reporting Standards.

Investment property is derecognized when either they have been disposed or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the statement of profit or loss in the period of de-recognition.

g) Intangible Assets

Intangible assets with finite useful lives are acquired separately are measured on initial recognition at cost. Following the initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at each reporting period the effect of any changes in estimation is accounted for on a prospective basis as promulgated by applicable International Financial Reporting Standards.

Intangible assets represent the cost of software development. The software development cost is amortized on straight line basis over the estimated useful life of three years. The amortization expense on intangible assets with finite lives is recognized in the statement of profit or loss as the expense category that is consistent with the function of the intangible assets.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit or loss when the asset is de-recognized.

h) Investment in Associates

Associates are those entities in which the Company has significant influence and that is neither a subsidiary nor interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The Company's investment in its associates are accounted for using the equity method from the date on which the investee becomes an associate. Under the equity method, the investment in associates are initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the associates since the acquisition date.

The statement of profit or loss reflects the Company's share of the results of operations of the associate. Any change in other comprehensive income of those investees is presented as part of the Company's other comprehensive income. In addition, when there has been a change recognized directly in the equity of the associates, the Company recognizes its share of any changes, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between the company and the associate are eliminated to the extent of the interest in the associate.

When the Company's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the associate.

i) Impairment of Non-Financial Assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or companies assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators. Impairment losses of continuing operations are recognized in the statement of profit or loss in those expense categories consistent with the function of the impaired asset, except for assets previously revalued where the revaluation was taken to other comprehensive income up to the amount of any previous revaluation.

Assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the company estimates the asset's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

j) **Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provision of the instruments.

Financial Assets

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortized cost (AC), fair value through other comprehensive income (FVOCI), and fair value through profit or loss (FVPL). The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

In order for a financial asset to be classified and measured at amortized cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at fair value through other comprehensive income (OCI) with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through other comprehensive income (OCI) with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

As of reporting date, that the company contracted with only the financial assets at amortized cost and the financial assets designated at fair value through other comprehensive income (OCI) with no recycling of cumulative gains and losses upon derecognition (equity instruments).

Financial Assets at Amortized Cost (Debt Instruments)
The company measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and,
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

The company's financial assets at amortized cost includes accounts and other receivables and bank deposits.

Financial Assets Designated at Fair Value Through Other Comprehensive Income With no Recycling of Cumulative Gains and Losses Upon Derecognition (Equity Instruments)

The company subsequently measures financial assets at fair value through other comprehensive income at fair value and gains and losses on fair value changers are recognized in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments continue to be recognized in statement of profit or loss as other income when the company's right to receive payments is established, except when the company benefits from such proceeds as a recovery of part of cost of the instrument, in which case, such gains are recorded in other comprehensive income. Equity instruments at FVOCI are not subject to impairment.

Listed shares held by the company that are traded in an active market are classified as Equity Instruments at FVOCI and are stated at fair value at the end of each reporting period. Fair value is determined in the manner described in note 32.

Impairment of Financial Assets
The company recognizes a loss allowance for expected credit losses on investment in debt instruments that are measured at FVOCI, trade receivables, contract assets. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instruments.

The company always recognizes lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognized is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organizations, as well as consideration of various external sources of actual and forecast economic information that relate to the company's core operations.

The company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an integral rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the company becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the company considers the changes in the risk that the specific debtor will default on the contract.

The company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the counterparty; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the company, if full (without taking into account any collateral held by the company).

Irrespective of the above analysis, the company considers that default has occurred when a financial asset is more than 90 days past due unless the company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or the borrower;
- A breach of contract, such as a default or past due event
- The lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization or
- The disappearance of an active market for that financial asset because of financial difficulties.

Write-off policy
The company writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

Measurement and recognition of expected credit losses
The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount draws down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16-Leases.

The company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVOCI, for which the loss allowance is recognized in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payment and fixed maturities that are not quoted in an active market. After initial measurement, loans and receivables (including trade and other receivables, bank balances and others) are subsequently measured at amortized cost using the effective interest rate method, less any impairment.

Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Cash and cash equivalents
Cash and cash equivalents consist of cash on hand, bank balances and short term deposits with an original maturity of three months or less, net of bank overdrafts if any.

Trade receivables
Trade receivables are stated at original invoice amount, less any impairment for doubtful debts. An estimate of provision accounts is made based on the expected credit loss. Bad debts are written off as incurred.

Derecognition of financial assets

The company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received. On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified at FVOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the company has elected on initial recognition to measure at FVOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss and financial liabilities at amortized cost. The Company's financial liabilities include accounts and other payables, dividend payable, short term loans, contract liabilities and lease liabilities, if any.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit or loss. Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability at fair value through profit or loss.

Financial Liabilities at Amortized Cost

This is the category most relevant to the Company. After initial recognition, the loans and borrowing and other financial liabilities are subsequently measured at amortized cost using the effective interest. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included as finance charges in the statement of profit or loss.

This category generally applies to accounts, retentions and other payables, dividend payable and short term loans.

Foreign exchange gains and losses
For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments. These foreign exchange gains and losses are recognized in the 'other gains and losses' line items in profit or loss for financial liabilities that are not part of a designated hedging relationship.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measure at FVPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss for the financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

k) Inventories

Inventories are measured at the lower of cost and net realizable value after providing for any obsolescence and damages determined by the management. The cost of inventories includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Costs are those expenses incurred in bringing each product to its present location and condition which are computed as follows:

- Raw materials, minor spare parts and consumables: Purchases costs on weighted average cost basis.
- Work in progress and finished goods: cost of direct materials, direct labour and other direct cost plus attributable overheads based on normal level of activity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

l) Employees' End of Service Benefits and Leave Salary

End of service benefits for expatriate employees
For the expatriate employees, the Company provides for employees' end of service benefits determined in accordance with the requirements of Qatari Labor laws pertaining to retirement and pensions, wherever required. These unfunded charges are made by the Company on the basis of employees' salaries and the number of years of service at the statement of financial position date. Applicable benefits are paid to employees on termination of employment with the Company. The Company has no expectation of settling its employees' end of service benefits obligation in the near term and hence classified this under non-current liability.

End of service benefits for Qatari employees
With respect to its Qatari employees, the Company makes contributions to the General Pension Fund Authority calculated as a percentage of the employees' salaries in accordance with the requirements of Law No.24 of 2002 pertaining to Retirement and Pensions. The Company's obligations are limited to these contributions, which are expensed when due.

Employees' leave salary
Provision for leave salary is determined as per the management policy applicable to each class of employee.

m) Provision

A provision is recognized in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by considering the expected future cash flows of the Company. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

n) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company as a Lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. For these leases, the company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. The company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-Use Assets
The company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the company at the end of the lease term or the cost reflects the exercise of a purchase option, deprecation is calculated using the remaining useful life of the asset. The right-of-use assets are also subject to impairment. The company applies IAS 36 to determine whether a right of use asset is impaired and accounts for an identified impairment loss as described in the "property, plant and equipment" policy.

The right-of-use assets are presented as a separate line item in the statement of financial position.

As a practical expedient, IFRS 16 permits a lease not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The company has not used this practical expedient.

Lease Liabilities
At the commencement dates of the lease, the company recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease liability is presented as a separate line item in the statement of financial position.

Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the company uses its incremental borrowing rate at the lease commencement date, if the interest rate implicit in the lease is not readily determinable. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using effective interest method) and by reducing the carrying amount to reflect the lease payment made.

The company re-measures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is re-measured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revise discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is re-measured by discounting the revised lease payments using a revised discount rate.

The company has not made any such adjustments during the periods presented.

Short-Term Lease and Lease of Low-Value Assets
The company applies the short-term lease recognition exemption to its short-term lease of properties and equipment if any (those lease that have lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to lease certain items that is considered of low value. Lease payment on short-term leases and lease of low value assets (if any) are recognized as expense on a straight-line basis over the lease term.

The Company as a lessor
The company enters into lease agreements as a lessor with respect to some of its investment properties. Leases for which the company is a lessor are classified as finance lease or operating lease. Wherever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When the company is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease.

Rental income from operating lease is recognized on a straight-line basis over the lease term and is included in the statement of profit or loss due to its operating nature. Initial direct costs; incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income, Contingent rents are recognized as revenue in the period in which they are earned.

Amounts due from leases under finance leases are recognized as receivable at the amount of the company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the company's net investment outstanding in respect of the leases.

When a contract includes lease and non-lease component, the company applies IFRS 15 to allocate consideration under the contract to each component.

o) Revenue Recognition

Revenue is measured based on the consideration to which the company expects to be entitled in a contract with customer and excludes amounts collected on behalf of third parties. The company recognized revenue when it transfers control of a product or service to a customer.

The company's revenue streams are mainly consists of the following major sources;

- Revenue from contracts with customers (sale of goods)
- Rental income from investments properties
- Dividend income
- Interest income
- Others

The company applies different recognition criteria and measurement principals for each of above revenue streams as follows;

Revenue from Contracts with Customers

The company is engaged to manufacture and sale of cements and washed sand. The company's contracts with customers for the delivery of goods generally include one performance obligations. The company has concluded that the revenue from sale of goods should be recognized at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. A receivable is recognized by the company when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due.

Payment of the transaction price is due immediately at the point the customer purchases the goods. The company recognizes revenue from the sale of goods measured at the fair value of the consideration received. If the revenue cannot be reliably measured, the company defers revenue recognition until the uncertainty is resolved.

The company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of goods, the company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

As required for the financial statements, the company disaggregated the revenue recognized from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Rental income from investment properties
Rental of investment properties where the company retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognized in profit or loss on a straight-line basis over the lease term.

Dividend income
Dividend income from investments is recognized when the company's right to receive payment has been established.

Interest income
Interest income is accrued on a time basis with reference to the principal outstanding and the amount of revenue is measured using the effective interest method.

Other income
Other income is recognized on an accrual basis.

p) Borrowing Costs

Borrowing costs are finance and other costs that the Company incurs in connection with the borrowing of funds. A qualifying asset for finance cost capitalization is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The company capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Company recognizes other borrowing costs as an expense in the period in which it incurs them.

The Company begins capitalizing borrowing costs as part of the cost of a qualifying asset on the commencement date. The commencement date for capitalization is the date when the Company first meets all of the following conditions:

- incurs expenditures for the asset;
- incurs borrowing costs; and
- undertakes activities that are necessary to prepare the asset for its intended use or sale.

To the extent that the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings, if any.

The borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than those specific borrowings mentioned above as made specifically for the purpose of obtaining a qualified asset, are capitalized by applying a capitalization rate to the expenditures on that asset. The amount of borrowing costs that the Company capitalizes during the year is not to exceed the amount of borrowing costs it incurred during that year.

The Company suspends capitalization of borrowing costs during extended periods in which it suspends active development of a qualifying asset, and ceases capitalizing borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

q) Foreign Currency Transactions

Transactions in foreign currencies are initially recorded by the Company at Qatari Riyals at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated to Qatari Riyals at exchange prevailing at the reporting date. Differences arising on settlement or translation of monetary items are recognized in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using Qatari Riyals at exchange rates prevailing at the dates of the initial transactions. Non-monetary assets and liabilities measured at fair value in a foreign currency are translated into Qatari Riyals at exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in other comprehensive income or profit or loss are also recognized in other comprehensive income or profit or loss, respectively).

r) Dividend Distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividend is approved by the Company's shareholders.

s) Basic and Diluted Earnings Per Share

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

t) Related Party Transactions

Parties are considered to be related because they have the ability to exercise control over the Company or to exercise significant influence or joint control over the Company's financial and operating decisions. Further, parties are considered related to the Company when the Company has the ability to exercise control, significant influence, or joint control over the financial and operating decisions of those parties.

Transactions with related parties, normally, comprise of transfer of resources, services, or obligations between the parties.

u) Events After the Reporting Period

The financial statements are adjusted to reflect events that occurred between the statements of financial position date and when the financial statements are authorized for issue, provided they give evidence of conditions that existed at the reporting date.

v) Revenue from Contracts with Customers balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

Accounts Receivables

Accounts receivable represents the company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). The accounting policies of financial assets in financial instruments paragraph details the initial recognition and subsequent measurement of accounts receivable.

Contract Liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the company transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the company performs under the contract.

4) CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 3, the management 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.

a) Critical judgment in applying accounting policies

The followings are critical judgments, apart from those involving estimations, that management has made in the process of applying the company's accounting policies and that have the most significant effect on the amounts recognized in financial statements;

i) Classification of financial assets

Management decides on the acquisition of a financial asset whether to classify it as fair value through other comprehensive income (FVOCI), amortized cost (AC), or as fair value through profit or loss (FVPL). The company classifies financial assets as amortized cost if the management objective is to hold financial asset in order to collect contractual cash flows or the financial asset, if the management objective is to achieve by both collecting contractual cash flows and selling the financial assets it measured the investment as FVOCI. All other financial assets are measured at FVPL.

The company has invested substantially in quoted securities, the management has primarily decided to account for them on their potential for long term growth rather than the short term profit basis. Consequently, the entire investments are recognized as fair value through other comprehensive income (FVOCI) rather than fair value through profit or loss (FVPL).

ii) Accounting policy for measurement of investment properties

Management of the company is required to choose as its accounting policy either the fair value model or the cost model and shall apply this policy to all of its investment properties, except if it holds an investment property as a lessee under an operating lease, under which it is required to hold these investment properties at fair value. The company has chosen to adopt the cost model for the purpose of measuring its investment properties in the statement of financial position.

iii) **Accounting for capital spare parts**
Capital spare parts are recognized as property, plant and equipment when they are held for production and are expected to be used during more than one year. All other spares are considered as inventory. The capitalized spares are considered necessarily by management to ensure the continuity of the production process and are considered available for use when the spare parts are in the store for use in the production.

iv) **Key management performance bonus**
Key management receive a discretionary bonus each year which is decided upon by the board of directors taking into account the company's overall financial performance, percentage of profit on revenue and recovery of receivables.

b) **Key Sources of Estimation Uncertainty**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

i) **Impairment of property, plant and equipment, investment properties and intangible assets**
At each reporting date, the company reviews the carrying amounts of its property, plant and equipment, investment properties and intangible assets to determine whether there is any indication that those assets have suffered from impairment. Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs. In assessing value in use, the estimated future cash flows are discounted to their present value using an appropriate rate.

The policy applicable for the impairment of non-financial assets such as property, plant and equipment, investment properties and intangible assets are disclosed in note 3.

ii) **Estimated useful lives of property, plant and equipment, investment properties and intangible assets**
The cost of items of property, plant and equipment, investment properties and intangible assets are depreciated on systematic basis over the useful lives of the assets. Management has determined the estimated useful lives of each asset and/ or category of assets based on the following factors:

- Expected usage of asset,
- Expected physical wear and tear, which depends on operational and environmental factors; and
- Legal or similar limits on the use of the assets.

Management has estimated no residual value for any item of property, plant and equipment, investment properties and intangible assets at the end of the useful lives as these have been deemed to be insignificant. Management regularly review this estimate based on the market condition at the end of each reporting period. The company had determined that the straight line method of depreciation is more appropriate for the company due to underutilization of the capacity.

As disclosed in notes 3 and 5, the useful lives of certain items of property, plant and equipment have been reassessed. The management has reconsidered and ascertained their useful lives based on the external experts suggestion including high level of judgments in determining extension of useful lives when the assets are idle.

iii) Provision for obsolete and slow moving inventories

The company's management determines the estimated amount of slow moving and obsolete inventories. Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts, the estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and an allowance applied according to the inventory type and the degree of aging or obsolescence, based on historical costs. Any difference between the amounts will actually be realized in future periods and the amounts expected will be recognized in the statement of profit or loss. The provision is subject to change as a result of technical innovations and the usage of items. Management regularly reviews the percentage used to reflect historical pattern of any change in circumstances.

iv) Going concern

The management and those charged with governance has made an assessment of its ability to continue as a going concern and satisfied that it has the resources to continue the business for foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Therefore, the financial statements is continued to be prepared on the going concern basis.

v) Fair value measurements

Some of the company's assets are measured at fair value for financial reporting purposes. In estimating the fair value of an assets or liability, the company use market observable data to the extent it is available. Where level 1 inputs are not available, the company engages qualified external valuers to perform the valuation. The management works closely with qualified external valuers to establish the appropriate valuation techniques and inputs to the model. Information about the valuation techniques and its inputs used in determining the fair value of various assets and liabilities are disclosed in the respective notes and note 32.

vi) Significant increase in credit risk

As explained in note 11, ECL are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL assets for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the company takes into account qualitative and quantitative reasonable and supportable forward looking information.

vii) Calculation of loss allowance

When measuring ECL the company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancement.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

viii) Determining the lease term

In determining lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extensions options (or periodic after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

5) PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK IN PROGRESS

a) The details of cost, accumulated depreciation and respective net book value of various categories of property, plant and equipment and capital work in progress are as follows:

	Buildings (QR.)	Plants, equipment and tools (QR.)	Motor vehicles (QR.)	Furniture and fixtures (QR.)	Capital work in progress (QR.)	Total (QR.)
Cost						
As at January 01, 2019	792,901,146	3,360,662,034	123,093,350	27,601,931	5,321,135	4,309,579,596
Additions during the year	638,612	21,522,434	1,139,999	835,130	7,290,344	31,426,519
Transferred	1,545,100	375,962	-0-	-0-	(1,921,062)	-0-
As at December 31, 2019	795,084,858	3,382,560,430	124,233,349	28,437,061	10,690,417	4,341,006,115
Additions during the year	**-0-**	**13,272,185**	**-0-**	**37,967**	**-0-**	**13,310,152**
Transferred	**-0-**	**5,734,449**	**-0-**	**-0-**	**(5,734,449)**	**-0-**
As at December 31, 2020	**795,084,858**	**3,401,567,064**	**124,233,349**	**28,475,028**	**4,955,968**	**4,354,316,267**
Accumulated Depreciation/Impairment						
As at January 01, 2019	401,207,427	1,607,687,824	115,512,924	23,892,758	-0-	2,148,300,933
Charge for the year	29,430,667	141,123,018	3,096,462	1,201,105	-0-	174,851,252
As at December 31, 2019	430,638,094	1,748,810,842	118,609,386	25,093,863	-0-	2,323,152,185
Charge for the year	**22,858,012**	**120,245,239**	**1,774,615**	**1,020,513**	**-0-**	**145,898,379**
As at December 31, 2020	**453,496,106**	**1,869,056,081**	**120,384,001**	**26,114,376**	**-0-**	**2,469,050,564**
Net Book Value						
As at December 31, 2020 – Exhibit A	**341,588,752**	**1,532,510,983**	**3,849,348**	**2,360,652**	**4,955,968**	**1,885,265,703**
As at December 31, 2019 – Exhibit A	364,446,764	1,633,749,588	5,623,963	3,343,198	10,690,417	2,017,853,930

b) The Company's cement plants, sand plants and buildings including certain housings are constructed on land licensed from the State of Qatar via an Emiri Decree. The license term for the land has been expired in 2015. The Company is currently negotiating the terms and conditions of the lease agreement with competent authorities who has the concession rights for Dukhan area where the land is located. Whilst the negotiations are ongoing, the Company is continuing operations at the site.

c) With effective from June 01, 2016, the Cement Plant I had been discontinued and the management is in the process of ascertaining the possible measures for its disposal. The subject plant will be classified as held for sale upon it meets the criteria as promulgated by IFRS 5 – Non Current Assets Held for Sale and Discontinued Operation.

d) As disclosed in note 34, on April 01, 2020, the operation of the Cement Plants IV& V has been suspended until further notice due to COVID 19 impacts.

e) Plant, equipment and tools include capital spares with net book value of QR.189,002,383 as at December 31, 2020 (2019: QR. 200,793,531).

f) On July 26, 2020 as a result of successful completion of manufacturing, supply and replacement of new ducts and its expansion joints related to plant II, a sum of QR.8,848,188 has been capitalized including direct capitalization of QR.3,113,739 and depreciated thereafter. The major capital work in progress represents certain expenses incurred related to sand plant and intangible assets for the purchases, construction and installation which are being progressed as of the reporting date.

g) The depreciation charge for the year is allocated as follows:

	2020 (QR.)	2019 (QR.)
Absorbed to cost of sales and inventories	**142,807,125**	171,438,556
General and administrative expenses	**3,024,253**	3,313,535
Selling and distribution expenses	**67,001**	99,161
Total	**145,898,379**	174,851,252

On a conceptual basis, the depreciation absorption to inventories are excluded for cash flow purposes.

h) **Changes in Useful Life of Property, Plant and Equipment**

In general, the residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. The major influential factors and assumptions used for the estimation of useful life of the property, plant and equipment are not materially deviated during the year. However, the management has reconsidered its assumptions about the future use, specifically the remaining useful life and residual value of the cement plants IV & V including the building attached to those plants. The decision was taken on the grounds that these plants have been suspended with effective from April 01, 2020 until further notice. Hence, the plants are under-utilized and idled for unspecified period, which require reassessment of the useful life estimates used in the depreciation calculation.

The reassessment of useful life of the plants have been determined based on independent consultants report dated July 23, 2020 along with high level involvement of the management's judgment and assumptions where number parameters have been considered as disclosed in note 3. Pursuant to consultant's report with effective from July 01, 2020, the useful lives has been revised as follows;

Plants IV and V and their equipment	Initially 10 to 20 years	Revised to 35 years
Buildings attached to plants IV & V	Initially 20 years	Revised to 40 years

As a result of the above revision, a reduction in depreciation as compared with previous estimations amounting to QR.27,037,006 have been adjusted prospectively during the year.

i) The accounting policy related to assessment of impairment disclosed in note 3 have been applied as of reporting date to estimate the recoverable value of entire classes of property, plant and equipment. As a result, the recoverable value of the entire classes of property, plant and equipment are higher than their carrying value as of reporting date.

6) INVESTMENT PROPERTIES

a) The movements in investment properties during the year were as follows:

	2020 (QR.)	2019 (QR.)
Cost		
Balance at beginning of the year	**42,556,999**	42,556,999
Balance at end of the year	**42,556,999**	42,556,999
Accumulated Depreciation		
Balance at beginning of the year	**37,916,745**	37,463,027
Charge for the year	**453,717**	453,718
Balance at end of the year	**38,370,462**	37,916,745
Net Book Value – Exhibit A	**4,186,537**	4,640,254

b) The statement of profit or loss includes a sum of QR.5,600,004 as rental income from the above investment properties for the year ended December 31, 2020 (2019: QR.6,260,004).

c) The fair value of the investment properties amounting to QR.200.68 million as at December 31, 2020 (2019: QR.235 million) determined by an accredited independent appraiser. The appraiser is an industry specialist in valuing these types of investment properties. The fair value was determined based on the market comparable approach that reflects recent transaction prices for similar properties on valuation date. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

d) Land on which the above properties located are integral part of the above investment properties.

7) INTANGIBLE ASSETS

a) The movements in intangible assets during the year were as follows:

	2020 (QR.)	2019 (QR.)
Cost		
Balance at beginning of the year	**5,872,169**	5,872,169
Balance at end of the year	**5,872,169**	5,872,169
Accumulated Amortization		
Balance at beginning of the year	**5,872,169**	5,872,169
Balance at end of the year	**5,872,169**	5,872,169
Net Book Value	**-0-**	-0-

b) Intangible assets represent the cost of software development-SAP ERP, which was completed and implemented in 2013 and the total development cost incurred were transferred from capital work in progress and capitalized as intangible assets. The software development cost is amortized on straight line basis over the estimated useful life of three years.

8) INVESTMENT IN ASSOCIATES

a) The investment in associates are represented as follows:

	2020 (QR.)	2019 (QR.)
Qatar Saudi Gypsum Industries Co. (W.L.L.) *	**30,891,264**	31,313,889
Qatar Quarries & Building Materials Co. (P.Q.S.C.)**	**22,293,820**	22,189,260
Total – Exhibit A & Note 8(b)	**53,185,084**	53,503,149

* The associate registered in the State of Qatar and engage in the business activity of gypsum production. The company owns 33.325 % equity capital of the associate.

** The associate registered in the State of Qatar and engage in the business activity of gabbro aggregate production. The company owns 20 % of equity capital of the associate.

b) The movements in investment in associates during the year were as follows:

	2020 (QR.)	2019 (QR.)
Balance at beginning of the year	**53,503,149**	53,688,277
Share of profit (loss) – Exhibit B	**1,063,104**	(2,485,613)
Dividend received	**-0-**	(1,333,334)
Net changes in share of fair value reserves	**(1,381,169)**	3,633,819
Balance at end of the year – Note 8(a)	**53,185,084**	53,503,149

c) The movements in investment in above associates during the year were as follows:

	Qatar Saudi Gypsum Industries Co. (W.L.L)		Qatar Quarries & Building Materials Co. (P.Q.S.C.)	
	2020 (QR.)	2019 (QR.)	**2020 (QR.)**	2019 (QR.)
Balance at beginning of the year	**31,313,889**	29,079,217	**22,189,260**	24,609,060
Share of profit (loss)	**941,785**	(75,514)	**121,319**	(2,410,099)
Dividend received	**-0-**	(1,333,334)	**-0-**	-0-
Share of fair value reserves changes	**(1,364,410)**	3,643,520	**(16,759)**	(9,701)
Balance at end of the year	**30,891,264**	31,313,889	**22,293,820**	22,189,260

d) The summarized financial information of the above associates are derived based on their latest available financial information as follows:

	Qatar Saudi Gypsum Industries Co. (W.L.L)		Qatar Quarries & Building Materials Co. (P.Q.S.C)	
	2020 (QR.)	2019 (QR.)	**2020 (QR.)**	2019 (QR.)
Total net assets	**92,696,966**	93,965,158	**111,469,102**	110,946,304
Share of net assets	**30,891,264**	31,313,889	**22,293,820**	22,189,260
Profit (loss) for the year	**2,826,062**	(226,599)	**606,593**	(12,050,495)
Share of profit (loss) for the year	**941,785**	(75,514)	**121,319**	(2,410,099)
Other comprehensive income	**(4,094,254)**	10,933,293	**(83,794)**	(48,505)
Share of other comprehensive income	**(1,364,410)**	3,643,520	**(16,759)**	(9,701)

9) FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME-EQUITY INSTRUMENTS

Financial assets at fair value through other comprehensive income-equity instruments comprise of investments in shares of listed companies in Qatar Exchange. The fair value of the quoted equity shares is determined by reference to published price quotations in Qatar Exchange.

Movement during the year were as follows:	**2020 (QR.)**	2019 (QR.)
Balance at beginning of the year	**225,557,797**	220,323,895
Additions during the year	**25,280,195**	82,415,383
Disposals during the year	**(53,074,095)**	(123,933,622)
Net changes in fair value for the year	**8,856,768**	46,752,141
Balance at end of the year – Exhibit A	**206,620,665**	225,557,797

10) INVENTORIES

a) This item consists of the following:

	2020 (QR.)	2019 (QR.)
Work in progress	**356,827,171**	366,194,308
Spare parts	**109,768,728**	115,134,721
Raw materials	**77,228,828**	78,334,024
Finished goods	**14,663,840**	16,095,856
Fuel, oil and lubricants	**1,386,295**	1,619,558
Other miscellaneous stocks	**3,892,094**	6,185,976
Sub Total	**563,766,956**	583,564,443
Provision for obsolete and slow moving inventories – Note 10 (b)	**(22,036,365)**	(21,163,946)
Net	**541,730,591**	562,400,497
Goods in transit	**1,348,995**	12,319,966
Total – Exhibit A	**543,079,586**	574,720,463

b) Provision for obsolete and slow moving inventories

Movements during the year were as follows:	**2020 (QR.)**	2019 (QR.)
Balance at beginning of the year	**21,163,946**	19,854,473
Provision during the year	**872,419**	1,309,473
Balance at end of the year – Note 10(a)	**22,036,365**	21,163,946

11) ACCOUNTS AND OTHER RECEIVABLES

a) This item consists of the following:

	2020 (QR.)	2019 (QR.)
Accounts receivable – Note 11(b)	**318,821,519**	317,678,354
Provision for expected credit losses – Note 11(c)	**(4,045,244)**	(3,614,169)
Net	**314,776,275**	314,064,185
Advances to suppliers	**5,670,484**	18,095,337
Prepayments and other receivables	**5,874,939**	79,000,861
Total – Exhibit A	**326,321,698**	411,160,383

b) Concentration: A sum of QR.101,334,059 is receivable from three major customers which represents 32% of total accounts receivable as at December 31, 2020. (2019: QR.72,489,637 is receivable from two major customers, represents 23%).

c) The following shows the movement in lifetime ECL that has been recognized in accordance with the simplified approach set out in IFRS 9:

	2020 (QR.)	2019 (QR.)
Balance at beginning of the year	**3,614,169**	3,614,169
Increase in loss allowance during the year	**431,075**	-0-
Balance at end of the year – Note 11(a)	**4,045,244**	3,614,169

The average credit period on sales of goods is 90 days. No interest is charged on outstanding trade receivables. The company obtains bank guarantees from its customers.

The company always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses (ECL) using the simplified approach. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period as compared to those made at December 31, 2019.

The company writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery and when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

In determining the recoverability of a trade receivables, the company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the management believe that no further provision is required in excess of the current provision for expected credit losses.

12) CASH AND CASH EQUIVALENTS

a) This item consists of the following:

	2020 (QR.)	2019 (QR.)
Cash in hand	**135**	65,485
Balances in call and current accounts	**7,218,723**	15,892,904
Short term fixed deposits (maturity within 90 days)	**288,000,000**	194,838,403
Total – Exhibits A&E	**295,218,858**	210,796,792

b) The balances in short term fixed deposits and call deposits have a profit rate of 1.2% to 1.4% per annum during the year ended December 31, 2020 (2019: 2.35% to 4% per annum).

Balances with banks are assessed as low credit risk of default since these banks are highly regulated by the central bank. Accordingly, the management of the company estimates the loss allowance on balances with banks at the end of the reporting period at an amount equal to 12 months expected credit losses (ECL). None of the balances with banks at the end of the reporting period are past due, and taking into account the historical default experience and the current credit ratings of the bank, the management of the company have assessed that there is no impairment and hence have not recorded any loss allowances on these balances.

13) SHARE CAPITAL

Authorized, issued and fully paid up capital

The authorized, issued and fully paid up capital of the Company amounting to QR.653,528,940 (Exhibit A) as at December 31, 2020 comprising 653,528,940 shares of QR.1 each. (2019: QR.653,528,940 comprising 653,528,940 shares of QR.1 each).

14) LEGAL RESERVE

The legal reserve of the company amounting to QR.326,764,470 (Exhibit A) as at December 31, 2020 (2019: QR.326,764,470) created, pursuant to Qatari Commercial Companies' Law No.11 of 2015, which mandates 10% of the net profit for the year is to be deducted annually and retained in the legal reserve account. The deduction shall be suspended when the balance in this reserve account amounts to at least 50% of the Company's capital and is not available for distribution except in the circumstances specified in the law.

Since the reserve has reached 50% of the share capital, the management has not transferred any portion from the profit to legal reserve for the years ended December 31, 2019 and 2020.

15) FAIR VALUE RESERVE OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME – EQUITY INSTRUMENTS

The movements in the fair value reserve of financial assets at fair value through other comprehensive income-equity instruments during the year were as follows:

	2020 (QR.)	2019 (QR.)
Balance at beginning of the year	**50,127,629**	27,691,991
Net changes in fair value for the year – Exhibit C	**8,856,768**	46,752,141
De-recognition of fair value reserve upon disposal	**(8,591,938)**	(24,316,503)
Balance at end of the year – Exhibit A	**50,392,459**	50,127,629

16) SHARE OF FAIR VALUE RESERVES OF ASSOCIATES

The movement in the share of fair value reserves of associates was as follows:

	2020 (QR.)	2019 (QR.)
Balance at beginning of the year	**10,224,295**	6,590,476
Net changes in share of fair value reserves – Exhibit C	**(1,381,169)**	3,633,819
Balance at end of the year – Exhibit A	**8,843,126**	10,224,295

17) EMPLOYEES' END OF SERVICE BENEFITS

The movements in the employees' end of service benefits during the year were as follows:

	2020 (QR.)	2019 (QR.)
Balance at beginning of the year	**12,201,935**	12,619,945
Provisions for the year	**1,251,615**	1,530,907
Paid during the year	**(2,865,119)**	(1,948,917)
Balance at end of the year – Exhibit A	**10,588,431**	12,201,935

18) ACCOUNTS AND OTHER PAYABLES

a) This item consists of the following:

	2020 (QR.)	2019 (QR.)
Accruals against energy suppliers –Note 18(b)	**103,911,628**	106,237,779
Accruals and provisions	**23,224,989**	23,452,119
Dividends payable	**92,366,406**	88,276,490
Accounts payable	**16,258,981**	46,983,342
Advances from customers	**6,473,031**	6,720,081
Directors' remuneration payable	**5,398,000**	5,398,000
Retention payable	**1,460,969**	576,350
Provision for social and sport's fund contribution	**3,711,384**	4,304,087
Claims payables – Note 18(c)	**-0-**	13,470,144
Other payables	**6,423,937**	11,462,956
Total – Exhibit A	**259,229,325**	306,881,348

b) Pursuant to the Gas Sales and Purchase Agreement with Government based entity (M/s. Qatar Petroleum) and Power Supply Agreement with another Government based entity (M/s. Qatar General Electricity & Water Corporation) hereinafter referred as "Energy Suppliers", the company has agreed with the energy suppliers to purchase minimum quantities of the energy for the operation of the Cement Plants. The above dues are measured and accounted as per the terms of the contractual arrangements with the above energy suppliers as follows:

	2020 (QR.)	2019 (QR.)
M/s. Qatar General Electricity & Water Corporation*	**101,158,723**	95,297,030
M/s. Qatar Petroleum **	**2,752,905**	10,940,749
Total – Note 18(a)	**103,911,628**	106,237,779

* The company has signed three separate agreements (for plants III, IV&V) for the use of electricity where it obligated to pay differences between actual and minimum energy utilization as stipulated in the agreements. However, as a result of suspension of operations for the plants number IV and V from April 01, 2020 due to the COVID 19 effect and as per contractual force majeure clauses, no amounts has been accrued based on minimum quantities utilization for the above plants for the period from April 01, 2020.

As disclosed 29(c), the company is in the process of obtaining official acknowledgement from the respective supplier. In addition, as disclosed in note 29 (b), the company is in the negotiation process with the above supplier for the additional amounts claimed by them for the electricity utilization.

** The company has signed two separate agreements (one for plants I, II&III and another one for plants IV&V) for the use of gas where it obligated to pay differences between actual and minimum energy utilization as stipulated in the agreement. However, as a result of suspension of operations for the plants number IV and V from April 01, 2020 due to the COVID 19 effect, as per the contractual force majeure clauses and on the confirmation from the supplier, no amounts has been accrued based on minimum quantities utilization for the above plants for the year 2020 [Note 29 (c)].

c) The claims payable to Government based entity (M/s. Qatar Petroleum) arose based on the contractual arrangements entered in previous years related to capital cost recoveries and take or pay claims have been settled in full during the year ended December 31, 2020.

19) BORROWINGS

Movements during the year were as follows:	**2020 (QR.)**	2019 (QR.)
Balance at beginning of the year	**91,250,000**	273,750,000
Payments during the year	**(91,250,000)**	(182,500,000)
Balance at end of the year – Exhibit A	**-0-**	91,250,000

On July 31, 2016, the Company has entered into an agreement with a foreign commercial bank to obtain a term loan facility amounting to USD 100,000,000 (Equivalent to QR.365,000,000) for the purpose of construction of Cement Plant V. The above term loan facility carries an interest rate of LIBOR+1.3%. During the year ended December 31, 2020, the above term loan facility has been settled in full.

20) REVENUE

This item consists of the following:	**2020 (QR.)**	2019 (QR.)
Cement	**535,708,512**	572,711,303
Sand	**115,105,024**	121,403,986
Others	**8,808,466**	8,920,311
Total – Exhibit B	**659,622,002**	703,035,600

21) COST OF SALES

a) This item consists of the following:

	2020 (QR.)	2019 (QR.)
Cost of material including depreciation absorption	**420,766,725**	417,353,225
Direct labour and other related direct cost	**73,352,483**	98,147,997
Total – Exhibit B	**494,119,208**	515,501,222

b) As a result of suspension of cement plants IV & V, the company has not utilized energy requirements such as gas and the power with effective from April 01, 2020. Hence, no expenses were included related to energy supplies of the above plants.

c) As disclosed in note 5, the useful life of the Plants IV & V and the corresponding buildings have been extended prospectively with effective from July 01, 2020.

22) OTHER INCOME

a) This item consists of the following:

	2020 (QR.)	2019 (QR.)
Rental income – Note 22 (b)	**9,378,071**	9,573,373
Interest income	**2,191,352**	8,142,628
Dividend income	**7,639,658**	14,224,117
Transportation income	**496,963**	494,581
Other miscellaneous income	**3,673,859**	87,699
Total – Exhibit B	**23,379,903**	32,522,398

b) Included a sum of QR.3,778,067 earned from certain properties which are attached and integral part of property, plant and equipment (2019: QR.3,313,369).

23) GENERAL AND ADMINISTRATIVE EXPENSES

This item consists of the following:

	2020 (QR.)	2019 (QR.)
Salaries and benefits	**8,893,475**	11,830,117
Directors' remuneration*	**5,398,000**	5,398,000
Depreciation of property, plant and equipment and investment properties	**3,477,970**	3,767,253
Loss on foreign currency exchange	**549,574**	55,989
Provision for obsolete and slow moving inventories	**872,419**	1,309,473
Provision for expected credit losses	**431,075**	-0-
Others	**4,632,650**	10,502,625
Total – Exhibit B	**24,255,163**	32,863,457

* The provision for proposed directors remuneration are accrued based on the decision from the management, which is in line with the requirements of Qatar Financial Markets Authority and subject to the approval by the shareholders at the annual general meeting.

24) SELLING AND DISTRIBUTION EXPENSES

a) This item consists of the following:

	2020 (QR.)	2019 (QR.)
Rebates on sale of cement- note 24 (b)	**10,801,271**	-0-
Salaries and benefits	**2,179,153**	2,214,640
Advertisement Expenses	**117,632**	290,797
Depreciation of property, plant and equipment	**67,001**	99,161
Others	**3,589,785**	3,848,030
Total – Exhibit B	**16,754,842**	6,452,628

b) Pursuant to the board of directors' decisions dated September 15, 2020, considering prevailing conditions to enhance sales and customers' relationship, the company launched "Rebate Scheme" where certain customers are entitled for the free goods coupon. Consequently, on a prudence concept and in line with requirements of IAS 37, the company has made a provision on the grounds that it can be reliably estimate the rebates and its present obligations as a result of past event which required to be settled.

25) BASIC AND DILUTED EARNINGS PER SHARE

a) Basic Earnings Per Share

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

	2020	2019
Profit attributable to ordinary shareholders of the Company (QR.) - Exhibit B	**148,455,357**	172,163,473
	======	======
Weighted average number of ordinary shares outstanding – Note 13	**653,528,940**	653,528,940
	======	======
Basic earnings per share (QR.) – Exhibit B	**0.23**	0.26
	======	======

b) Diluted Earnings Per Share

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

26) SEGMENT REPORTING

The company is organized into two major business segments, which comprises the manufacturing and sale of cement and sand and other by-products. In addition to sale of cement and sand, the company's other activities are classified as "Others" for segmentation purposes. Geographically, the company's entire business operations are concentrated in State of Qatar. The chief operating decision makers evaluate the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment. The company has elected to disclose only the results of operating segments in the financial statements as management does not maintain and capture segment-wise information about assets and liabilities as it is not required for decision making purposes.

	Cement (QR.)	Sand (QR.)	Others (QR.)	Total (QR.)
Year ended December 31, 2020				
Revenue	535,708,512	115,105,024	8,808,466	659,622,002
Cost of sales	(404,760,506)	(85,458,020)	(3,900,682)	(494,119,208)
Gross profit	130,948,006	29,647,004	4,907,784	165,502,794
Other income	-0-	-0-	23,379,903	23,379,903
G&A expenses	(17,179,429)	(3,691,259)	(3,384,475)	(24,255,163)
Selling & Dist. expenses	(15,695,839)	(983,723)	(75,280)	(16,754,842)
Finance cost	-0-	-0-	(480,439)	(480,439)
Share of profit from associates	-0-	-0-	1,063,104	1,063,104
Profit for the year	98,072,738	24,972,022	25,410,597	148,455,357
	=======	=======	=======	=======

	Cement (QR.)	Sand (QR.)	Others (QR.)	Total (QR.)
Year ended December 31, 2019				
Revenue	572,711,303	121,403,986	8,920,311	703,035,600
Cost of sales	(419,227,065)	(91,052,990)	(5,221,167)	(515,501,222)
Gross profit	153,484,238	30,350,996	3,699,144	187,534,378
Other income	-0-	-0-	32,522,398	32,522,398
G&A expenses	(26,771,437)	(5,675,039)	(416,981)	(32,863,457)
Selling & Dist. expenses	(5,256,480)	(1,114,275)	(81,873)	(6,452,628)
Finance cost	-0-	-0-	(6,091,605)	(6,091,605)
Share of (loss) from associates	-0-	-0-	(2,485,613)	(2,485,613)
Profit for the year	121,456,321	23,561,682	27,145,470	172,163,473

27) SOCIAL AND SPORTS FUND CONTRIBUTION

In accordance with Law No. 13 of 2008, the Company has taken a provision for the support of sports, social, cultural and charitable activities with an amount equivalent to 2.5% of the net profit. The social and sports fund contribution is considered as an appropriation of retained earnings of the Company and presented in statement of changes in equity.

Accordingly, the Company made an appropriation from retained earnings amounting to QR.3,711,384 (Exhibit D) for the year ended December 31, 2020 (2019: QR. 4,304,087) for contribution to the Social and Sports Development Fund of Qatar.

28) RELATED PARTY TRANSACTIONS

Related parties, as defined in International Accounting Standard 24: Related party Disclosures, include associate companies, major shareholders, directors and other key management personnel of the company and entities controlled, jointly controlled or significantly influenced by such parties.

A number of these entities transacted with the company in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were approved by the management.

a) Transactions with Government and its agencies

Various Government entities together holds about 46% 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, in particular from Qatar Petroleum for natural gas and Qatar General Electricity & Water Corporation for power supply.

The rental income include a sum of QR. 5 million for the year ended December 31, 2020 (2019: QR. 5 million) from 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 company. The remuneration proposed to the Board of Directors during the year has been separately recognized within general and administrative expenses (Note 23).

During the year ended December 31, 2020, the Company has paid a sum of QR.1.3 million (2019: QR.1.05 million) to members of the Committees of the Board of Directors and salaries and benefits paid to key members of management amounted to QR.3.96 million (2019: QR.4.36 million).

29) COMMITMENTS, CONTINGENCIES AND LITIGATIONS

a) The following summarizes the significant contractual commitments and contingencies:

	2020 (QR.)	2019 (QR.)
Letters of credit	**61,360**	7,899,191
Capital Commitments	**-0-**	3,113,739
	======	======

b) The company has received a letter from the Minister of State for Energy Affairs in the first half of 2019 informing the Company that the reduction in the take-or-pay rates (from 85% to 65%) will take effect from the date of the amendment to the agreement, rather than being applied with retroactive impact from 2009 which was previously communicated by the Minister. In addition during 2020, the company has received a notification from M/s. Qatar General Electricity & Water Corporation (Kahramaa) to pay all outstanding claims along with additional penalties. Should this resolution by the Minister and notification from Kahramaa be final and implemented, the Company will have to accrue sum of QR.76.58 million for electricity supply take-or-pay agreements for the years from 2009 to December 2017 and a sum of QR.24.27 million penalties charges. The Company is in discussion with relevant parties in the State of Qatar and is confident that the outcome of the matter will not result in any amounts which are materially different from those recognized in these financial statements [Note 18(b)].

c) As disclosed in note 34 (c), the company has suspended the operations of plants IV and V with effective April 01, 2020. As a result and as per contractual force majeure clauses, the company has not accrued energy dues applicable for the above suspended plants. The decision was communicated to energy suppliers (M/s. Qatar Petroleum and M/s. Qatar General Electricity and Water Corporation) to be compliance with the terms and conditions of the contract agreements with them. However, as of the reporting date, the company is in the process of obtaining official acknowledgement and approval from the energy suppliers for not to accrue any energy payables to them [Note 18 (b)].

d) Litigation

During 2017, the Ministry of Municipality and Environment has filed a lawsuit against the Company for extracting raw materials used in cement industry from outside the designated areas during the period from 2008 to 2011. The Ministry is claiming an amount of QR.69 million as compensation including litigation fees and expenses. The Company has denied the claim and is of the view that the materials used were extracted within the valid territories and requested the court to reject the case. The Company is confident that the resolution of the case or amicable settlements, if any will not have any material impact on the Company's financial statements.

30) DIVIDENDS

Proposed Dividend

In respect of year ended December 31, 2020, as per the board of directors meeting held on January 27, 2021, the Board of Directors proposed a cash dividend distribution of 20% of the paid up capital amounted to QR.130,705,788. This proposed dividend subject to approval by shareholders at the Annual General Assembly.

Dividend Distribution

Following the approval of the Annual General Assembly held on February 23, 2020, it was decided a cash dividend distribution of 30% of the paid up capital totaling QR.196,058,682 relating to the year ended December 31, 2019 (Cash dividend distribution of 50% of the paid up capital totaling QR.326,764,470 relating to the year ended December 31, 2018).

31) FINANCIAL RISK MANAGEMENT

The Company monitors and manages the financial risks relating to its business and operations. The company has various financial assets such as accounts and other receivable, financial assets at fair value through other comprehensive income and cash and cash equivalents which arise directly from operations. The company's principal financial liabilities comprise borrowing, accounts payable and other liabilities. The main purpose of these financial liabilities is to manage the company's cash flows and working capital.

The Company has exposure to the following risks from its use of financial instruments.

- Liquidity risk
- Credit risk
- Capital risk
- Market risk
- Operational risk
- Other risks

The Company seeks to minimize the effects of these risks by diversifying the sources of its capital. It maintains timely reports about its risk management function and monitors risks and policies implemented to mitigate risk exposures.
The management reviews and agrees policies for managing each of these risks, which are summarized as follows:

a) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Company manages liquidity by maintaining adequate reserves, banking facilities, and by continually monitoring cash flows and matching the maturity profiles of financial assets and liabilities.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities:

December 31, 2020	**Carrying amount (QR.)**	**Contractual cash outflows (QR.)**	**Less than 1 year (QR.)**
Accounts and other payables	**259,229,325**	**(259,229,325)**	**259,229,325**
Borrowings	**-0-**	**-0-**	**-0-**
Total	**259,229,325**	**(259,229,325)**	**259,229,325**

December 31, 2019	Carrying amount (QR.)	Contractual cash outflows (QR.)	Less than 1 year (QR.)
Accounts and other payables	306,881,348	(306,881,348)	306,881,348
Borrowings	91,250,000	(91,250,000)	91,250,000
Total	398,131,348	(398,131,348)	398,131,348

It is not expected that the cash flows included in the maturity analysis would occur significantly earlier, or at significantly different amounts.

b) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. As of reporting date, the company's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the company due to failure to discharge an obligation by the counterparties and financial guarantees provided by the company arises from;

- ✓ the carrying amount of the respective recognized financial assets as stated in the statement of financial position; and
- ✓ the maximum amounts the entity would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

In order to minimize credit risk, the company has tasked its management to develop and maintain the company's credit risk grading to categorize exposures according to their degree of risk of default. The credit rating information is supplied by independent rating agencies where available and, if not available, the management uses other publicly available financial information and the Company's own trading records to rate its major customers and other debtors. The company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The company's current credit risk grading framework comprises the following categories;

Category	**Description**	**Basis for recognizing credit losses**
Performing	The counterparty has a low risk of default and does not have any past- due amounts	12-month ECL
Doubtful-	Amount is > 30 days past due or there has been a significant increase in credit risk since initial recognition	Lifetime ECL –not credit- impaired
In default	Amount is > 90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL-credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the company has no realistic prospect of recovery	Amount is written off

Financial instruments that potentially subject the Company to the concentration of credit risk are cash at banks, accounts and other receivable and equity instruments at fair value through other comprehensive income.

Accounts receivables

The management has a credit policy in place and the exposure to the credit risk is monitored on an ongoing basis. The Company manages its credit risk by obtaining bank guarantees from the customers. Also, further credit evaluations are performed on all customers requiring credit and are approved by the management. The Company requires collaterals in the form of bank guarantees in respect of sales to non-related parties. Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts.

For trade receivables, the company has applied the simplified approach in IFRS 9 to measure the loss allowances at life time ECL. The company determines the expected credit losses on these items by using provision matrix, estimated based on historical credit loss experience based on past due status of the debtors, adjusted as appropriate to reflect current conditions and estimates of future economic conditions. Accordingly, the credit risk profile of these assets is presented based on their past due status in terms of the provision matrix.

Bad debts are written off when there is no possibility of recovery. Provision for expected credit losses are disclosed in note 11. The expected credit loss allowance was determined as follows for trade receivables;

December 31, 2020	Up to 30 days (QR.)	31-90 days (QR.)	91-180 days (QR.)	181-365 days (QR.)	Over 365 days (QR.)	Total (QR.)
Accounts receivable	85,285,044	89,520,475	49,815,171	34,678,225	59,522,604	318,821,519
Expected credit losses	-0-	-0-	-0-	-0-	(4,045,244)	(4,045,244)
Net	85,285,044	89,520,475	49,815,171	34,678,225	55,477,360	314,776,275

December 31, 2019	Up to 30 days (QR.)	31-90 days (QR.)	91-180 days (QR.)	181-365 days (QR.)	Over 365 days (QR.)	Total (QR.)
Accounts receivable	54,579,781	79,093,534	66,631,077	46,400,534	70,973,428	317,678,354
Expected credit losses	-0-	-0-	-0-	-0-	(3,614,169)	(3,614,169)
Net	54,579,781	79,093,534	66,631,077	46,400,534	67,359,259	314,064,185

Equity instruments at fair value through other comprehensive income

Equity instruments at fair value through other comprehensive income are non-derivative financial assets that are designated as equity instruments at fair value through other comprehensive income and that are not classified in any of the other financial instrument categories. The above investments are represented equity securities of locally listed companies.

Cash at banks

The credit risk on bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies. Bank balances are held with reputed banks inside Qatar. Given these reputation management do not expect these banks to fail on their obligations.

The maximum risk exposure to the Company is represented in the carrying amount of these instruments as disclosed in the relevant notes.

c) Capital Risk

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

Regularly, the Company reviews its capital structure and considers the cost of capital and the risks associated with it. It manages its capital to ensure that it will be able to support its operations while maximizing the return to shareholders through the optimization of the debt and equity balance. As part of this review, the management considers the cost of capital and the risks associate with each class of capital.
There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

Gearing ratio

The gearing ratio at year end was as follows:	**2020 (QR.)**	2019 (QR.)
Borrowings	**-0-**	91,250,000
Cash and bank balance	**(295,218,858)**	(210,796,792)
Net debt	**(295,218,858)**	(119,546,792)
	=======	=======
Equity	**3,044,060,375**	3,087,899,485
Net debt to equity	**-0-**	-0-
	=======	=======

d) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices which will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The market risk primarily consists of the followings:

- Interest rate risk
- Foreign currency risk
- Equity price risk

(i) Interest Rate Risk

The Company has maintained recognized financial instruments which are subject to interest rate risk and which may potentially result in changes in the contractually determined cash flows associated with or may cause reprising of such financial instruments.

The Company is exposed to interest rate risk on its interest bearing financial assets and financial liabilities. Management does not hedge its interest rate risk.

The sensitivity of the Company's profit to change in interest rate on interest bearing assets, which carries floating interest rates, based on balance as at the reporting date.

Profile

The following table summarizes the interest rate risk profile of the Company's financial assets and liabilities:

December 31, 2020	**1 to 3 months (QR.)**	**3 to 12 months (QR.)**	**Total (QR.)**
Financial Assets			
Short term fixed deposits	**288,000,000**	**-0-**	**288,000,000**
Financial Liabilities			
Borrowings	**-0-**	**-0-**	**-0-**
Interest Rate Sensitivity Gap	**288,000,000**	**-0-**	**288,000,000**

December 31, 2019	1 to 3 months (QR.)	3 to 12 months (QR.)	Total (QR.)
Financial Assets			
Short term fixed deposits	194,838,403	-0-	194,838,403
Financial Liabilities			
Borrowings	(91,250,000)	-0-	(91,250,000)
Interest Rate Sensitivity Gap	103,588,403	-0-	103,588,403

Interest rate sensitivity

The following table demonstrates the sensitivity of the statement of profit or loss to reasonably possible changes in interest and profit rates by 100 basis points, with all other variables held constant. The sensitivity of the profit is the effect of the assumed changes in interest rate on the Company's profit for one year, based on the floating rate financial assets and financial liabilities held at reporting dates.

December 31, 2020	**Profit or Loss**		**Equity**	
	+ 100 b.p.	**– 100 b.p.**	**+ 100 b.p.**	**– 100 b.p.**
Variable rate financial instruments	**2,880,000**	**(2,880,000)**	**2,880,000**	**(2,880,000)**

December 31, 2019	Profit or Loss		Equity	
	+ 100 b.p.	– 100 b.p.	+ 100 b.p.	– 100 b.p.
Variable rate financial instruments	1,035,884	(1,035,884)	1,035,884	(1,035,884)

(ii) Foreign Currency Risk

The Company incurs foreign currency risk on its purchases that are denominated in a currency other than Qatari Riyals which is Company's functional and presentation currency.

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company's exposure to foreign currency risk on the transactions that are denominated in USD is minimal as Qatari Riyal is pledged against USD.

The Company's exposure to the foreign currency risk is as follows based on notional amounts.

December 31, 2020	**USD (in QR.)**	**Euro (in QR.)**	**Total (in QR.)**
Financial assets			
Accounts receivable	**-0-**	**-0-**	**-0-**
Call and fixed deposits	**414,996**	**363,448**	**778,444**
Total financial assets	**414,996**	**363,448**	**778,444**
Financial liabilities			
Accounts and other payables	**1,051,869**	**180,354**	**1,232,223**
Total financial liabilities	**1,051,869**	**180,354**	**1,232,223**

December 31, 2019	USD (in QR.)	Euro (in QR.)	Total (in QR.)
Financial Assets			
Accounts receivable	-0-	-0-	-0-
Call and fixed deposits	362,217	120,328	482,545
Total financial assets	362,217	120,328	482,545
Financial Liabilities			
Accounts and other payables	10,812,078	2,958,320	13,770,398
Borrowings	91,250,000	-0-	91,250,000
Total financial liabilities	102,062,078	2,958,320	105,020,398

Foreign Currency Sensitivity Analysis

The following paragraph details the company's sensitivity to a 10% increase and decreases in the QR. against EURO. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates.

As at reporting date, if the Qatari Riyal had weakened/Strengthened by 10% against Euro with all other variables held constant, profit for the year would have been QR.18,309 (2019: QR.283,799) lower/higher, mainly as a result of foreign exchange gains/losses on translation of EURO denominated accounts, call and fixed deposits and foreign exchange losses/gains on translation of EURO denominated accounts and other liabilities.

(iii) Equity Price Risk

Equity price risk is the risk that the fair values of equity instruments decrease as a result of changes in the price indices of investments in other entities' equity instruments as part of the Company's investment portfolio.

The following table demonstrates the sensitivity of the effect of cumulative changes in fair value to reasonably possible changes in quoted equity share prices, with all other variables held constant. The effect of decreases in equity prices is expected to be equal and opposite to the effect of the increase shown.

Description	Changes in Equity Prices	Effect on Equity	
		2020 (QR.)	2019 (QR.)
Equity instruments at fair value through other comprehensive income	**± 10%**	**20,662,067**	22,555,780

e) Operational Risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behavior.

Operational risks arise from all of the Company's operations. The Company's objective is to manage operational risks so as to balance the avoidance of financial losses and damage to the Company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. This responsibility is supported by the development of overall standards for the management of operational risk in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorization of transactions.
- Requirements for the reconciliation and monitoring of transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of controls and procedures.
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified.
- Requirements for the reporting of operational losses and proposed remedial action.
- Development of contingency plans.
- Training and professional development.
- Ethical and business standards.
- Risk mitigation, including insurance where this is effective.

f) Other Risks

Other risks to which the Company is exposed are regulatory risk, legal risk, and reputation risk.

- Regulatory risk is controlled through a framework of compliance policies and procedures. The operations of the Company are subject to regulatory requirements of the state of Qatar.
- Legal risk is managed through the effective use of internal and external legal advisers.
- Reputation risk is controlled through the Company regular examination of issues that are considered to have repercussions for the Company, with guidelines and policies being issued as appropriate.

32) FAIR VALUE

Fair Value Measurement

The Company measures certain financial instruments and certain non-financial assets, if applicable, at fair value at each reporting date.

Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value are disclosed in these financial statements, if any.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in these financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1:- Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2:- Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3:- Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Fair Value Hierarchy

The company uses the following hierarchy for determining and disclosing the fair value of the company's assets by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of assets recorded at fair value by level of the fair value hierarchy:

Financial Assets at FVOCI	**Level 1**	**Level 2**	**Level 3**	**Total**
As at December 31, 2020 – (QR.)	**206,620,665**	**-0-**	**-0-**	**206,620,665**
As at December 31, 2019 – (QR.)	225,557,797	-0-	-0-	225,557,797
	=======	====	====	=======

During the years ended December 31, 2020 and 2019, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

33) COMPARATIVE FIGURES

Certain of the comparative figures and supporting note disclosures have been reclassified to conform with the presentation of the current year's financial statements. Those reclassifications do not affect previously reported profit or equity.

34) THE IMPACT OF COVID-19

a) Introduction

The coronavirus (COVID-19) steep spread across the world led the World Health Organization to declare it as pandemic and a global health emergency. Numerous sectors of the global economy are effected and the long term economic and business consequence remain un-known which lead to uncertainties in the global economic environment.

b) Impact to the Qatar Economy

Since the first case of COVID 19 reported, the State of Qatar has taken numerous steps to contain the virus which includes emerging social distancing, restricting social activities, widespread of testing, etc. The severity of the pandemic was controlled as a result of effective and rigorous approach adopted by the Country, hence, impact to the economy was limited.

c) Impact to the Company and its Industry

➢ The sudden outbreak of COVID-19 had a definite impact on the production and consumption of the construction industry with partial lockdowns and certain other restrictions. However, the construction activities of the country were not suspended during the period, hence, the company was able to continuously provide its products to the market.

➢ Even though construction activities were not suspended, there were indirect effects to the company's business activities, as the Government initiated certain restrictions and measures such as reducing working hours and social distancing requirements with limited employees. As a result, the demand of the cement and sand also have been declined witnessed by significant revenue decline by 19% during the first three quarters of 2020 compared to the previous year. The demand of the cement products has been declined even before the occurrence of the pandemic owing to the ongoing market conditions such as continues economic recession and factors such as regional diplomatic crisis between the country and the some of GCC countries and its short and medium term effects. However, with the ease of the COVID restrictions later of the year, the company has been able to increase its revenue by 37% during the last quarter of the year compared to the previous year.

➢ As a result of reductions in demand for cement and other related products, the company has suspended productions from Plant IV and V with effective from April 01, 2020 until further notice. Consequently, the company has reduced its employees considerably during the period and has not made provisions for the utilization of electricity and gas as per the contractual arrangements with energy suppliers applicable for plants IV and V during the period of April to December 2020.

d) Significant Assessment of COVID

The board of directors have performed an reasonable assessment of COVID-19 based on the available guidance, historical experience, industry benchmark and other factors that are considered to be relevant on the company's all aspects. The details of the areas where the high level of assessment carried out are as follows;

- **Use of Estimates and Judgments**

  In the application of the company's accounting policies, the Board of Directors has assessed potential impacts of the current economic volatility in determination of the reported amounts of the company's financial and non-financial assets. The judgments, estimates and assumptions are board of directors' best assessment determined based on the available information. In addition, the company has specifically analyzed the impacts of pandemic when determining Expected Credit Losses where forward looking factors and general economic conditions of the industry in which the debtors operate are assessed to ensure that no significant credit risk exposures as of the reporting date.

- **Going Concern**

  The company continues to adopt the going concern basis in preparing its financial statements for the year ended December 31, 2020. The uncertainty as to future impact on the company, due to COVID 19 has been critically assessed by the board of directors. Thus, the management is not aware of any material uncertainties that may cast significant doubt about the company's ability to continue as a going concern.

- **Events After The Reporting Period**

  The board of directors assessed, the effect of COVID 19 on the company as and when identified or available for their attention. The implications of the pandemic are challenging, ongoing and the outcome of this event is unknown and therefore, the impact of the company for conditions that arose after the reporting period may not be identifiable and quantifiable at the time of issuance of these financial statements. However, if any major events will be taken place, those will be considered, adjusted and disclosed accordingly in the subsequent financial statements which will be prepared for the company.