

National Cement Company
Public Shareholding Company

Interim condensed financial statements
(Unaudited)
30 June 2008

National Cement Company Public Shareholding Company

Interim condensed financial statements (unaudited)

30 June 2008

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P O Box 3800
Level 32, Emirates Towers
Sheikh Zayed Road
Dubai
United Arab Emirates

Telephone +971 (4) 403 0300
Fax +971 (4) 330 1515
Website www.ae-kpmg.com

**Review Report of the Auditors' to the shareholders of
National Cement Company Public Shareholding Company**

We have reviewed the accompanying interim condensed balance sheet of National Cement Company Public Shareholding Company ("the Company") as of 30 June 2008, and the related interim condensed statements of income, cash flows and changes in equity for the six months period then ended ("the interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of 30 June 2008 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Vijendra Nath Malhotra

Registration No: 48B

13 AUG 2008

Dubai, United Arab Emirates

National Cement Company Public Shareholding Company

Interim condensed income statement (unaudited) for the six months period ended 30 June 2008

		Three months period ended 30 June 2008 AED '000	Three months period ended 30 June 2007 AED '000	Six months period ended 30 June 2008 AED '000	Six months period ended 30 June 2007 AED '000
	Note				
Turnover	5	148,304	141,785	281,592	270,140
Cost of sales	6	(103,973)	(85,252)	(201,448)	(158,424)
Gross profit		44,331	56,533	80,144	111,716
Administrative and general expenses		(8,972)	(7,345)	(23,375)	(17,986)
Other income		6,025	3,547	10,065	9,770
Share in loss from an associate	11	(49)	(2,667)	(49)	(2,667)
Profit before financial income and expense		41,335	50,068	66,785	100,833
Finance income/(expense) (net)	7	(13,215)	6,924	95,595	967
Net profit for the period		28,120	56,992	162,380	101,800
Basic earnings per share (AED)	19	0.08	0.16	0.45	0.28

The notes set out on pages 6 to 15 form part of these interim condensed financial statements.

The review report of the Auditors is set out on page 1.

National Cement Company Public Shareholding Company

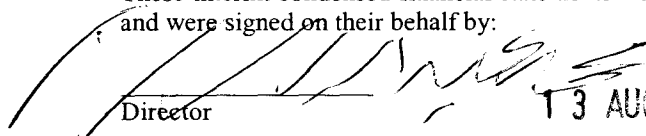
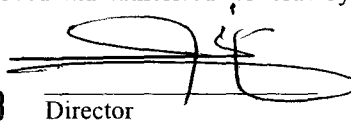
Interim condensed balance sheet

as at 30 June 2008

		Unaudited 30 June 2008 AED'000	Audited 31 December 2007 AED'000	Unaudited 30 June 2007 AED'000
	<i>Note</i>			
Property, plant and equipment	8	195,322	203,404	202,051
Investment properties	9	2,924	2,924	2,924
Long term portion of investment in marketable securities	10	2,284,837	2,175,278	1,565,790
Investment in an associate	11	52,758	52,807	48,995
Long term receivable	12	1,000	1,000	1,000
		<u>2,536,841</u>	<u>2,435,413</u>	<u>1,820,760</u>
Current assets				
Current portion of investment in marketable securities	10	27,154	8,648	17,652
Inventories		73,506	84,017	67,760
Trade and other receivables		166,180	155,521	184,536
Due from related parties	13	67,917	50,680	54,011
Cash in hand and at bank		236,449	218,182	53,200
		<u>571,206</u>	<u>517,048</u>	<u>377,159</u>
Current liabilities				
Trade and other payables		182,995	161,875	102,079
Due to related parties	13	50,902	2,644	1,558
Bank overdraft		-	-	44
		<u>233,897</u>	<u>164,519</u>	<u>103,681</u>
Net current assets		337,309	352,529	273,478
Provision for end of service benefits		(23,970)	(21,992)	(19,829)
		<u>2,850,180</u>	<u>2,765,950</u>	<u>2,074,409</u>
Represented by:				
Share capital	14	358,800	276,000	276,000
Share application money payable		26	26	26
Development and investment reserve	15	300,000	300,000	300,000
Cumulative changes in fair value of available for sale investments		1,584,790	1,566,340	973,169
General reserve	16	69,000	69,000	69,000
Statutory reserve	17	87,805	87,805	67,613
Retained earnings		449,759	287,379	388,601
Proposed dividend	18	-	179,400	-
		<u>2,850,180</u>	<u>2,765,950</u>	<u>2,074,409</u>

The notes set out on pages 6 to 15 form part of these interim condensed financial statements.

These interim condensed financial statements were approved and authorised for issue by the Board of Directors on and were signed on their behalf by:

The review report of the Auditors is set out on page 1.

National Cement Company Public Shareholding Company

Interim condensed statement of cash flows (Unaudited)

for the six month period ended 30 June 2008

	Six months period ended 30 June 2008 AED'000	Six months period ended 30 June 2007 AED'000
Operating activities		
Net profit for the period	162,380	101,800
<i>Adjustments for:</i>		
Depreciation	9,513	9,465
Profit on disposal of property, plant and equipment	(22)	(379)
Provision for end of service benefits	3,485	2,915
Finance income and expense (net)	(95,595)	(967)
Share in loss of an associate	49	2,667
<i>Operating profit before working capital changes</i>	79,810	115,501
Change in inventories	10,511	6,678
Change in trade and other receivables	(10,659)	(38,783)
Change in due from related parties	(17,237)	(9,600)
Change in trade and other payables	(14,387)	(10,869)
Change in due to related parties	48,258	(1,460)
Decrease in long term receivable	-	3,123
Payment of end of service benefits	(1,507)	(801)
<i>Cash flows from operating activities</i>	94,789	63,789
Investing activities		
Acquisition of property, plant and equipment	(1,482)	(5,869)
Investment in marketable securities	(295,605)	(56,944)
Investment in an associate	-	(221)
Proceeds from disposal of property, plant and equipment	72	3,399
Proceeds from disposal of investment in marketable securities	284,163	36,842
Net movement in fixed deposits	22,376	(234)
Dividend income	7,304	9,694
Investment income	20,549	14,445
<i>Cash flows from investing activities</i>	37,377	1,112
Financing activities		
Dividend paid	(91,524)	(89,870)
<i>Cash flows from financing activities</i>	(91,524)	(89,870)
Net decrease in cash and cash equivalents	40,642	(24,969)
Cash and cash equivalents at the beginning of the period	77,208	73,805
Cash and cash equivalents at the end of the period	117,850	48,836
These comprise the following:		
Cash in hand and at bank	117,850	48,880
Bank overdraft	-	(44)
	117,850	48,836

The notes set out on pages 6 to 15 form part of these interim condensed financial statements.

The review report of the Auditors is set out on page 1.

National Cement Company Public Shareholding Company

Interim condensed statement of changes in equity (unaudited) for the six month period ended 30 June 2008

	Share capital AED'000	Share applica- tion money AED'000	Invest- ment reserve AED'000	Cumulative changes in fair value of investments available for sale AED'000	General reserve AED'000	Statu- tory reserve AED'000	Retained earnings AED'000	Pro- posed dividend AED'000	Total AED'000
At 1 January 2007	184,000	26	300,000	973,346	69,000	67,613	378,801	92,000	2,064,786
Dividend paid	-	-	-	-	-	-	-	(89,870)	(89,870)
Dividend payable transferred to current liabilities	-	-	-	-	-	-	-	(2,130)	(2,130)
Issue of bonus shares (refer note 14)	92,000	-	-	-	-	-	(92,000)	-	-
Net movements in changes in fair value	-	-	-	(8,972)	-	-	-	-	(8,972)
Transfer of unrealised gain on sale of investments	-	-	-	(5,549)	-	-	-	-	(5,549)
Impairment loss recognized in income statement	-	-	-	14,344	-	-	-	-	14,344
Net profit for the period	-	-	-	-	-	-	101,800	-	101,800
At 30 June 2007	<u>276,000</u>	<u>26</u>	<u>300,000</u>	<u>973,169</u>	<u>69,000</u>	<u>67,613</u>	<u>388,601</u>	<u>-</u>	<u>2,074,409</u>
At 1 January 2008	276,000	26	300,000	1,566,340	69,000	87,805	287,379	179,400	2,765,950
Dividend paid	-	-	-	-	-	-	-	(91,524)	(91,524)
Dividend payable transferred to current liabilities	-	-	-	-	-	-	-	(5,076)	(5,076)
Issue of bonus shares (refer note 14)	82,800	-	-	-	-	-	-	(82,800)	-
Net movement in changes in fair value	-	-	-	98,697	-	-	-	-	98,697
Transfer of unrealized gain on sale of investments to income statement	-	-	-	(80,247)	-	-	-	-	(80,247)
Net profit for the period	-	-	-	-	-	-	162,380	-	162,380
At 30 June 2008	<u>358,800</u>	<u>26</u>	<u>300,000</u>	<u>1,584,790</u>	<u>69,000</u>	<u>87,805</u>	<u>449,759</u>	<u>-</u>	<u>2,850,180</u>

The notes on pages 6 to 15 form part of these interim condensed financial statements.

The review report of the Auditors is set out on page 1.

National Cement Company Public Shareholding Company

Notes

(forming part of the interim condensed financial statements - Unaudited)

1 Legal status and principal activities

National Cement Company Public Shareholding Company ("the Company") is registered in accordance with the decree issued by His Highness the Ruler of Dubai on 10 April 1968 establishing the Cement company in the Emirate of Dubai and in accordance with the provisions of the UAE Federal Law No. 8 of 1984 (as amended). The registered address of the Company is PO Box 4041, Dubai, United Arab Emirates.

The principal activity of the Company is to manufacture and sell cement and cement related products. The Company also invests in marketable securities and derivative products. The Company was listed on the Dubai Financial Market in 2005.

2 Basis of preparation and significant accounting policies

These interim condensed financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) for interim financial statements (IAS 34 *Interim Financial Reporting*). These interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the audited financial statements of the Company for the year ended 31 December 2007.

The accounting policies applied in the preparation of these interim condensed financial statements are consistent with those applied in the annual financial statements of the Company for the year ended 31 December 2007.

These interim condensed financial statements are presented in United Arab Emirates Dirhams ("AED"), rounded to the nearest thousand and are prepared under the historical cost convention except in respect of investment in marketable securities and derivative financial instruments, which are stated at fair values.

3 Accounting estimates and judgements

The preparation of interim condensed financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim condensed financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2007.

4 Financial risk management and capital management

The Company's financial risk management and capital management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended 31 December 2007.

National Cement Company Public Shareholding Company

Notes (continued)

5 Revenue

	Unaudited Three months period ended 30 June 2008 AED'000	Unaudited Three months period ended 30 June 2007 AED'000	Unaudited Six months period ended 30 June 2008 AED '000	Unaudited Six months period ended 30 June 2007 AED '000
Domestic sale of cement	<u>148,304</u>	<u>141,785</u>	<u>281,592</u>	<u>270,140</u>

6 Cost of sales

	Unaudited Three months period ended 30 June 2008 AED'000	Unaudited Three months period ended 30 June 2007 AED'000	Unaudited Six months period ended 30 June 2008 AED '000	Unaudited Six months period ended 30 June 2007 AED '000
<i>This includes:</i>				
Material expenses	86,701	69,661	164,920	126,831
Staff costs	4,148	4,122	11,344	8,190
Depreciation	<u>3,311</u>	<u>3,245</u>	<u>6,638</u>	<u>6,372</u>

7 Financial income/(expense)-(net)

	Unaudited Three months period ended 30 June 2008 AED'000	Unaudited Three months period ended 30 June 2007 AED'000	Unaudited Six months period ended 30 June 2008 AED '000	Unaudited Six months period ended 30 June 2007 AED '000
Interest income on interest rate swap contracts	3,976	6,704	11,976	9,085
Interest income on bank deposits	112	72	1,087	104
Interest income on investments	3,320	2,945	7,486	5,256
Revaluation gain on commodity derivative contract (unrealised)	-	137	-	137
Gain on unwinding of interest rate swap contracts	15,717	3,648	26,558	6,758
Gain on unwinding of commodity derivative swap contracts	-	-	22,994	-
Gain on disposal of available for sale financial assets transferred from equity	3,573	943	80,247	5,549
Gain on disposal of available for sale financial assets	3,067	1,991	17,924	2,404
Dividend income on available for sale financial assets	2,800	2,460	7,304	9,694
Financial income	<u>32,565</u>	<u>18,900</u>	<u>175,576</u>	<u>38,987</u>

National Cement Company Public Shareholding Company

Notes (continued)

7 Financial income/(expense)-(net) (continued)

	Unaudited Three months period ended 30 June 2008 AED'000	Unaudited Three months period ended 30 June 2007 AED'000	Unaudited Six months period ended 30 June 2008 AED '000	Unaudited Six months period ended 30 June 2007 AED '000
Net revaluation loss on interest rate swap contracts (unrealised) (refer note (i) below)	(28,342)	(11,976)	(45,585)	(23,676)
Net revaluation loss on commodity derivative contracts (unrealised) (refer note (i) below)	(17,438)	-	(34,396)	-
Impairment loss on marketable securities (refer note (ii) below)	-	-	-	(14,344)
Financial expense	(45,780)	(11,976)	(79,981)	(38,020)
Financial income and (expense) recognized in the income statement (net)	(13,215)	6,924	95,595	967

(i) The Company has fair valued its derivative financial instruments as at the balance sheet date. Based on the fair values of these derivative financial instruments, the Company has recognized a cumulative loss of AED 124.44 million (*cumulative loss as at 31 December 2007: AED 94.01 million; 30 June 2007 AED 23.54 million*). However this loss is unrealised in nature and the Company has earned an interest income of AED 11.98 million on these derivative financial instruments in the current period.

(ii) On the basis of review undertaken by the Directors' of the Company for the fair value of investment in marketable securities as at 31 March 2007, an amount of AED 14.34 million was recognized as impairment loss in the interim income statement for the period ended 31 March 2007.

8 Property, plant and equipment

During the six months period ended 30 June 2008, additions to property, plant and equipment amounted to AED 1.6 million and assets with a cost of AED 0.17 million were sold during the period. Depreciation charge for the period amounts to AED 9.51 million.

9 Investment properties

The fair market value of investment properties is in the range of AED 55 million to AED 60 million as per the internal valuation carried out by the management. The valuation was based on an assessment of the market prices for similar properties and on the basis of future rentals.

National Cement Company Public Shareholding Company

Notes (continued)

10 Investments in marketable securities

	Unaudited 30 June 2008 AED '000	Audited 31 December 2007 AED'000	Unaudited 30 June 2007 AED'000
Non current investments	2,284,837	2,175,278	1,565,790
Current investments	27,154	8,648	17,652
	<u>2,311,991</u>	<u>2,183,926</u>	<u>1,583,442</u>

- i. During 2006, the Company had redeemed significant portion of the securities classified as held to maturity investments as at 31 December 2005, which were not close to their maturities. As a result, in accordance with IAS 39, the held to maturity portfolio was tainted and therefore the Company is prohibited from classifying any financial assets as held to maturity for the current financial year. Accordingly, the Company's investments in securities which were earlier classified as held-to-maturity investments had been reclassified as available for sale investments as at 31 December 2006. These investments are now being fair valued with the resultant unrealised gains and losses reported in equity under the caption, "Cumulative changes in fair value of investments available for sale", except for impairment losses that are recognised in the income statement.
- ii. At 30 June 2008, investments in marketable securities include AED 73.6 million (*31 December 2007: AED 16.53 million*) which are stated at cost. In the opinion of management, the fair value of these investments is not materially different from their carrying amounts.
- iii. At 30 June 2008, investments in marketable securities amounting to AED 378 million (*31 December 2007: AED 394 million*) are held in the personal name of one of the Company's Directors for the beneficial interest of the Company.
- iv. Investments amounting to AED 11.02 million (*31 December 2007: AED 50 million*) are held under lien against various bank facilities.
- v. At 30 June 2007, the Company had recognised fair value loss of AED 8.9 million under equity on marketable securities. In addition, on the basis of review undertaken by the Directors' of the fair value of the Company's marketable securities as at 30 June 2007, the Directors' resolved to recognize AED 14.34 million as impairment loss towards investments in these securities.

11 Investment in an associate

Investment in an associate represents 20% share of Berber Cement Co Ltd ("BCC"), a limited liability company registered in the Republic of Sudan. The principal activity of the associate is to manufacture and sell cement. The Company's share in net assets of BCC has been equity accounted at the year end on the basis of audited financial statements of the associate as at 31 December 2007. This resulted in Company's share of net loss amounting to AED 0.049 million which has been recognised in the income statement. The management accounts of the associate for the six months period ended 30 June 2008 are not available and in the opinion of the Directors', the arrear in the equity accounting of this investment does not materially impact the financial position of the Company as at 30 June 2008.

National Cement Company Public Shareholding Company

Notes (continued)

11 Investment in an associate (continued)

The movement in investment in the associate during the period was as follows;

	Unaudited 30 June 2008 AED '000	Audited 31 December 2007 AED'000	Unaudited 30 June 2007 AED'000
Balance at 1 January	52,807	51,662	51,662
Share of (loss)/gain from an associate	(49)	1,145	(2,667)
	<u>52,758</u>	<u>52,807</u>	<u>48,995</u>

12 Long term receivable

Long term receivable comprises advance provided to a Company's employee for various investments to be made on behalf of the Company.

13 Related party transactions

The Company, in the normal course of business, enters into transactions with other business enterprises that fall within the definition of a related party contained in International Accounting Standard No. 24. Significant transactions with related parties other than those disclosed elsewhere in these interim condensed financial statements are as follows:

	Unaudited Three months period ended 30 June 2008 AED'000	Unaudited Three months period ended 30 June 2007 AED'000	Unaudited Six months period ended 30 June 2008 AED '000	Unaudited Six months period ended 30 June 2007 AED '000
Purchases from related parties	9,294	16,847	12,459	23,305
Sales to related parties	19,102	19,299	45,339	44,351
Advance to a Director (refer note below)	26,984	-	36,894	-
	<u>26,984</u>	<u>-</u>	<u>36,894</u>	<u>-</u>

Advance to a Director represents funds provided to a Company's Director for various investments to be made on behalf of the Company.

Compensation to key management personnel including Directors' is as follows:

Salaries and other short-term employee benefits	803	832	1,607	1,592
End of service benefits charged to the income statement	44	13	89	25
End of service benefits payable at the period-end	195	2,515	4,760	2,515
	<u>195</u>	<u>2,515</u>	<u>4,760</u>	<u>2,515</u>

National Cement Company Public Shareholding Company

Notes (continued)

14 Share capital

	Unaudited 30 June 2008 AED '000	Audited 31 December 2007 AED'000	Unaudited 30 June 2007 AED '000
Authorised, issued and fully paid up:			
358,800,000 shares of AED 1 each			
(30 June 2007 and 31 December 2007:			
276,000,000 shares of AED 1 each)	358,800	276,000	276,000
	<u>=====</u>	<u>=====</u>	<u>=====</u>

During the previous year, the Directors' proposal to issue 82,800,000 (2007: 92,000,000) bonus shares of par value of AED 1 each by capitalising retained earnings of the Company was approved in the Company's annual general meeting held on 29 April 2008.

15 Development and investment reserve

The balance represents the amount set aside from retained earnings in previous years. The Directors have resolved to treat this reserve as distributable.

16 General reserve

As required by the Article 57.2 of the Article of Association of the Company, 10% of the net profit has to be transferred to regular reserve. It can be discontinued by the resolution of the ordinary general meeting on the proposal of the Board of Directors or if it reaches 10% of the paid up capital of the Company. Such reserve shall be used for the purpose designated by the ordinary general meeting on the proposal of the Board of Directors.

17 Statutory reserve

In accordance with Article 57.1 of the Memorandum of Association of the Company and the UAE Federal Law No.8 of 1984 (as amended), a minimum of 10% of the net profit of the Company is to be allocated every year to a non-distributable statutory reserve. Such allocation may be ceased when the statutory reserve equals 50% of the paid up share capital.

No allocation has been made to the statutory reserve as a result of bonus issue for the six months period ended 30 June 2008 as it would be effected at the year-end.

18 Proposed dividend

For 2007, a cash dividend of AED 96.6 million along with 82,800,000 bonus shares at a par value of AED 1 each by capitalising retained earnings was approved at the Company's Annual General Meeting held on 29 April 2008.

National Cement Company Public Shareholding Company

Notes (continued)

19 Earnings per share

	Unaudited Three months period ended 30 June 2008	Unaudited Three months period ended 30 June 2007	Unaudited Six months period ended 30 June 2008	Unaudited Six months period ended 30 June 2007
Net profit attributable to shareholders (AED'000)	28,120	56,992	162,380	101,800
Weighted average number of shares	<u>358,800,000</u>	<u>358,800,000</u>	<u>358,800,000</u>	<u>358,800,000</u>

The calculation of earnings per share is based on earnings for the period attributable to shareholders and the number of shares outstanding at 30 June 2008 after taking into account the bonus issue during the current period.

20 Capital commitments and contingent liabilities

	Unaudited Three months period ended 30 June 2008	Unaudited Three months period ended 30 June 2007	Unaudited Six months period ended 30 June 2008	Unaudited Six months period ended 30 June 2007
Investments	1,665,318	-	1,665,318	-
Property plant and Equipment (net of advances)	<u>7,191,922</u>	<u>-</u>	<u>7,191,922</u>	<u>-</u>

There were no significant contingent liabilities as at 30 June 2008 (31 December 2007: Nil).

21 Operating leases

Leases as lessee

The Company has leased plots of land under operating leases on which residential flats for staff accommodation are located. These leases typically run for a period of one year, with an option to renew the lease after that date. The lease rentals are usually renewed to reflect market rentals.

Leases as lessor

The Company has leased residential villas on operating leases to earn rental income. These leases typically run for a period of one year, with an option to renew the lease after that date. The lease rentals are usually renewed to reflect market rentals.

National Cement Company Public Shareholding Company

Notes (continued)

22 Segment reporting

Business segments

The Company's activities comprise two main business segments, namely, (i) manufacture and sell cement and cement related products and (ii) investment in marketable securities and derivative products. The details of segment revenue, segment result, segment assets and segment liabilities are as under:

	Six months period ended 30 June 2008 (Unaudited)			Six months period ended 30 June 2007 (Unaudited)		
	Cement AED'000	Investment in marketable securities and derivative products AED'000	Total AED'000	Cement AED'000	Investment in marketable securities and derivative products AED'000	Total AED'000
Segment revenue	281,592	175,576	456,168	270,140	38,987	309,127
Segment result	80,144	95,595	175,739	111,716	967	112,683
Other income	-	-	10,016	-	-	7,103
Unallocated expenses	-	-	(23,375)	-	-	(17,986)
Net profit for the year	-	-	162,380	-	-	101,800
Segment assets	743,298	2,311,991	3,055,289	565,482	1,583,442	2,148,924
Investment in equity accounted investee	52,758	-	52,758	48,995	-	48,995
Total assets	796,056	2,311,991	3,108,047	614,477	1,583,442	2,197,919
Segment liabilities	133,423	124,444	257,867	99,972	23,538	123,510
Total liabilities	133,423	124,444	257,867	99,972	23,538	123,510
Capital expenditure	1,482	295,605	297,087	5,869	56,944	62,813
Depreciation	9,513	-	9,513	9,465	-	9,465
Impairment losses on available for sale financial assets	-	-	-	-	14,344	14,344

National Cement Company Public Shareholding Company

Notes (continued)

23 Financial instruments

Financial assets of the Company include investment in marketable securities, long term receivables, trade receivables, dues from related parties and cash in hand and at bank. Financial liabilities of the Company include trade, dues to related parties and derivative financial instruments.

Credit risk

Financial assets, which potentially subject the Company to concentration of credit risk, consist mainly of cash at bank, trade receivables and receivables from related parties. The Company's cash equivalents are placed with local and international banks of repute. The credit risk with respect to certain trade receivables is covered as the Company seeks bank guarantee or equivalent instruments for the products supplied. Amounts due from related parties are considered fully recoverable by management. The maximum exposure to credit risk is represented by the carrying value of each financial asset.

Currency risk

Currency risk faced by the Company is minimal as there are minimal foreign currency transactions. In respect of monetary assets and liabilities in United States Dollar ("USD"), there is no exchange risk involved as presently, AED is pegged to USD.

Interest rate risk and derivative contracts

The Company's investments in certain securities normally carry interest which are linked to LIBOR.

The Company has also entered into certain interest rate swaps contracts and commodity derivative swap contracts. These swap contracts are not designated as hedges and accordingly are treated as free standing derivative contracts.

At 30 June 2008, the Company had outstanding interest rate swap contracts (IRS) with a notional amount of USD 275 million (AED 1,010 million) (*31 December 2007: USD 330 million (AED 1,212 million)*) and outstanding commodity derivatives with a notional amount of USD 66 million (AED 242 million) (*31 December 2007: AED 232 million*). The fair values of IRS and commodity derivatives at the balance sheet date were as under:

	Unaudited 30 June 2008 AED '000	Audited 31 December 2007 AED'000	Unaudited 30 June 2007 AED '000
Interest rate swaps – contracts with positive value (unrealised)	16,457	20,018	19,396
Interest rate swaps – contracts with negative value (unrealised)	63,317	47,851	43,071
Commodity derivatives – contracts with positive value (unrealised)	-	-	4,729
Commodity derivatives – contracts with negative value (unrealised)	77,584	66,183	4,592
	=====	=====	=====

National Cement Company Public Shareholding Company

Notes *(continued)*

23 Financial instruments

Interest rate risk and derivative contracts (continued)

In addition, during the current period IRS with notional values of USD 180 million (AED 661 million) were un-winded on which the Company earned a gain of AED 26.56 million.

In addition, Commodity derivative contracts with a notional value of USD 100 million (AED 367 million) were un-winded on which the Company earned a gain of AED 23 million.

The fair value (unrealized) of the interest rate swaps contracts and commodity derivative swap contracts outstanding as at 30 June 2008 has been recognised in these interim condensed financial statements.

Fair value

The fair value of the Company's financial instruments approximates their carrying amounts.