

**NATIONAL CEMENT COMPANY
(PUBLIC SHAREHOLDING CO.)
DUBAI**

Interim Condensed Financial Statements

Period Ended March 31, 2009



BDO Patel & Al Saleh
Chartered Accountants

National Cement Company (Public Shareholding Co.), Dubai

Interim condensed financial statements for the period ended March 31, 2009

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محاسبون قانونيون

ص.ب ١٩٦١، دبي - ا.ع.م.
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تليفاكس: ٢٢٧ ٠١٥١ ٠٤

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Review report of the independent auditors to the shareholders of National Cement Company (Public Shareholding Co.), Dubai

We have reviewed the accompanying interim condensed statement of financial position of National Cement Company (Public Shareholding Co.) ("the Company") as of March 31, 2009, and the related interim condensed statements of comprehensive income, changes in equity and cash flows for the three 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. Comparative figures were reviewed by another auditor.

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 March 31, 2009 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

BDO PATEL & AL SALEH
Chartered Accountants
Dubai
Yunus Saif
Reg. No. 418

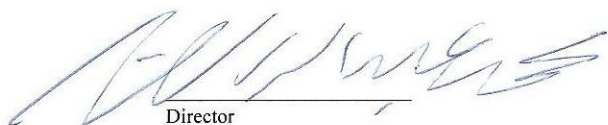
May 11, 2009

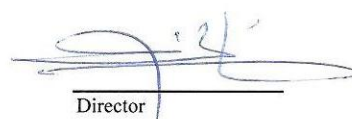
National Cement Company (Public Shareholding Co.), Dubai

Interim condensed statement of financial position at March 31, 2009

	Note	Unaudited March 31, 2009 AED'000	Audited December 31, 2008 AED'000	Unaudited March 31, 2008 AED'000
Non current assets				
Property, plant and equipment	4	187,415	191,075	199,169
Investment properties	5	2,925	2,924	2,924
Investment in marketable securities	6	1,635,753	2,132,175	2,552,165
Investment in an associate	7	52,758	52,758	52,807
Long term receivable	8	500	1,000	1,000
Total non current assets		1,879,351	2,379,932	2,808,065
Current assets				
Investment in marketable securities	6	6,843	9,847	32,469
Inventories	9	68,900	81,184	75,147
Trade and other receivables	10	202,132	150,326	168,227
Due from related parties	11	54,297	51,691	73,321
Bank balances and cash	12	90,938	129,002	332,148
Total current assets		423,110	422,050	681,312
Current liabilities				
Trade and other payables	13	172,330	144,476	138,283
Due to related parties	11	37,533	45,054	865
Bank overdraft		55,229	-	-
		265,092	189,530	139,148
Net current assets		158,018	232,520	542,164
Non current liabilities				
Provision for employees' end of service gratuities		(28,134)	(28,185)	(23,776)
Net assets		2,009,235	2,584,267	3,326,453
Equity				
Share capital	14	358,800	358,800	276,000
Share application money payable		26	26	26
Development and investment reserve	15	300,000	300,000	300,000
Investment fluctuation reserve	16	799,940	1,289,027	1,992,583
General reserve	17	69,000	69,000	69,000
Statutory reserve	18	107,203	107,203	87,805
Retained earnings		374,266	298,751	421,639
Proposed dividend	19	-	161,460	179,400
Total equity		2,009,235	2,584,267	3,326,453

These interim condensed financial statements were approved and authorised for issue by the Board of Directors on May 11, 2009 and were signed on their behalf by:


Director


Director

The notes on pages 6 to 16 form part of these interim condensed financial statements.

National Cement Company (Public Shareholding Co.), Dubai

Interim condensed statement of comprehensive income for the period ended March 31, 2009

	Note	Three months period ended March 31, 2009 AED'000	Three months period ended March 31, 2008 AED'000
Revenue		152,451	133,288
Cost of sales	20	(87,382)	(97,475)
Gross profit		65,069	35,813
Other income	21	3,334	4,039
		68,403	39,852
Administration, selling and general expenses	22	(8,894)	(14,403)
Profit before financial income and expense		59,509	25,449
Financial income/(expense)	23	16,006	108,811
Net profit for the period		75,515	134,260
Basic and diluted earnings per share (AED)	24	0.21	0.49

The notes on pages 6 to 16 form part of these interim condensed financial statements.

National Cement Company (Public Shareholding Co.), Dubai

Interim condensed statement of changes in equity for the period ended March 31, 2009

	Share capital AED'000	Share application money payable AED'000	Development & investment reserve AED'000	Investment fluctuation reserve AED'000	General reserve AED'000	Statutory reserve AED'000	Retained earnings AED'000	Proposed dividend AED'000	Total AED'000
Balance at January 1, 2008	276,000	26	300,000	1,566,340	69,000	87,805	287,379	179,400	2,765,950
Net movements in changes in fair value	-	-	-	502,917	-	-	-	-	502,917
Transfer of unrealized gain on sale of investments to income statement	-	-	-	(76,674)	-	-	-	-	(76,674)
Net profit for the period	-	-	-	-	-	-	134,260	-	134,260
Balance at March 31, 2008	276,000	26	300,000	1,992,583	69,000	87,805	421,639	179,400	3,326,453
Balance at January 1, 2009	358,800	26	300,000	1,289,027	69,000	107,203	298,751	161,460	2,584,267
Net movements in changes in fair value	-	-	-	(491,314)	-	-	-	-	(491,314)
Transfer of unrealized gain on sale of investments to income statement	-	-	-	2,227	-	-	-	-	2,227
Net profit for the period	-	-	-	-	-	-	75,515	-	75,515
Dividend paid during the period	-	-	-	-	-	-	-	(161,460)	(161,460)
Balance at March 31, 2009	358,800	26	300,000	799,940	69,000	107,203	374,266	-	2,009,235

National Cement Company (Public Shareholding Co.), Dubai

Interim condensed statement of cash flow for the period ended March 31, 2009

	Three months period ended March 31, 2009 AED'000	Three months period ended March 31, 2008 AED'000
Cash flows from operating activities		
Net profit for the period	75,515	134,260
Adjustments for:		
Depreciation	4,657	4,753
Gain on disposal of property, plant and equipment	(25)	(22)
Provision for employees' end of service gratuities	262	2,840
Financial income and expense (net)	(16,005)	(108,811)
Operating profit before working capital changes	64,404	33,020
Decrease in inventories	12,284	8,871
Increase in trade and other receivables	(54,332)	(12,706)
Increase in due from related parties	(79)	(22,641)
Increase/ (decrease) in trade and other payables	22,587	(23,973)
Decrease in due to related parties	(7,521)	(1,779)
Decrease in long term receivable	500	-
Payment of end of service benefits	(313)	(1,056)
<i>Net cash from / (used in) operating activities</i>	37,530	(20,264)
Cash flows from investing activities		
Purchase of property, plant and equipment	(998)	(568)
Investment in marketable securities	(142,745)	(110,499)
Proceeds from disposal of property, plant and equipment	25	72
Proceeds from disposal of investment in marketable securities	153,456	227,579
Increase in fixed deposits	(13,068)	(1,889)
Dividend income	5,451	4,506
Interest income	15,453	13,140
<i>Net cash from investing activities</i>	17,574	132,341
Cash flows from financing activities		
Dividend paid during the period	(161,460)	-
<i>Net cash used in financing activities</i>	(161,460)	-
Net (decrease)/increase in cash and cash equivalents	(106,356)	112,077
Cash and cash equivalents at beginning of the period	76,457	77,208
Cash and cash equivalents at end of the period (Note 25)	(29,899)	189,285

The notes on pages 6 to 16 form part of these interim condensed financial statements.

1. Status and activities

National Cement Company (Public Shareholding Co.), Dubai ("the Company"), is registered in accordance with the decree issued by His Highness Ruler of Dubai on April 10, 1968 establishing a 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 P.O. Box 4041, United Arab Emirates.

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

The interim condensed financial statements for the three months period ended March 31, 2009 were authorized for issue by the Board of Directors on May 11, 2009.

These interim condensed financial statements are presented in thousands of UAE Dirhams (AED'000) unless otherwise stated.

2. Basis of preparation

These interim condensed financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) for interim condensed financial statements (IAS 34 Interim Financial Reporting). These interim condensed financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the financial statements of the Company for the year ended December 31, 2008.

3. Significant accounting policies

The accounting policies applied in the preparation of these interim condensed financial information are consistent with those applied in the annual financial statements of the Company for the year ended December 31, 2008.

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.

4. Property, plant and equipment

During the three months period ended March 31, 2009 additions to the property, plant and equipment amounted to approximately AED 0.98 million and assets with a cost of AED 0.075 million were sold during the period. Depreciation charge for the period amounts to AED 4.66 million.

5. Investment properties

Investment properties represent land and villas constructed on that land. No investment properties were bought or sold during the current period and no depreciation was charged as the depreciable assets are fully depreciated.

The fair market value of investment properties, including land, is in the range of AED 45 million to AED 50 million (March 31, 2008: AED 55 million to 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.

6. Investment in marketable securities

	Unaudited 31-Mar-09 AED'000	Audited 31-Dec-08 AED'000	Unaudited 31-Mar-08 AED'000
Non current investments	1,635,753	2,132,175	2,552,165
Current investments	6,843	9,847	32,469
	<u>1,642,596</u>	<u>2,142,022</u>	<u>2,584,634</u>

- a. At March 31, 2009, investments include AED 8.2 million (December 31, 2008: AED 9 million) which are stated at cost. In the opinion of the management, the fair value of these investments is not materially different from their carrying amounts.
- b. At March 31, 2009, investments in marketable securities amounting to AED 195 million (December 31, 2008, AED 169 million) are held in the personal name of one of the Company's Director for the beneficial interest of the Company.
- c. Investments amounting to AED million 44 million (December 31, 2008: AED 35 million) are held under lien against various un-drawn bank facilities.

7. Investment in an associate

Investment in an associate company represents 20% share in Berber Cement Company (Ltd), 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 the associate has been equity accounted as at December 31, 2008 based on the unaudited financial statements of the associate as at December 31, 2008.

8. Long term receivable

This represents an advance provided to a Company's employee for various investments to be made on behalf of the Company.

9. Inventories

	Unaudited Three months period ended March 31, 2009 AED'000	Unaudited Three months period ended March 31, 2008 AED'000
Raw materials	52,104	60,992
Work in progress	20,377	17,649
Finished goods	3,541	3,628
Provision for obsolescence	(7,122)	(7,122)
	<u>68,900</u>	<u>75,147</u>

10. Trade and other receivables

	Unaudited Three months period ended March 31, 2009 AED'000	Unaudited Three months period ended March 31, 2008 AED'000
Trade receivables	164,965	137,083
Other receivables	37,167	31,144
	<u>202,132</u>	<u>168,227</u>

11. Related party disclosures

The Company, in the ordinary course of its business, enters into trading and financing transactions with concerns which fall within the definition of "related party" as contained in International Accounting Standard 24. The management believes that the terms of the trading transactions are not materially different from those that could have been obtained from unrelated parties.

	Unaudited Three months period ended March 31, 2009 AED'000	Unaudited Three months period ended March 31, 2008 AED'000
Purchases from related parties	4,714	3,165
Sales to related parties	20,205	26,237
	<u>24,919</u>	<u>29,402</u>

Compensation to key management personnel including Directors is as follows:

	AED'000	AED'000
Salaries and other short-term employee benefits	835	804
End of service benefits charged to the income statement	46	45
End of service benefits payable at the period-end	5,196	4,565
	<u>6,077</u>	<u>5,414</u>

11. Related party disclosures (Continued)

Related party balances are as under:

	Unaudited Three months period ended March 31, 2009 AED'000	Unaudited Three months period ended March 31, 2008 AED'000
Payables:		
Purchase of raw materials and other items	13,835	865
Advance for payments	23,698	-
Receivables:		
Sales	43,833	53,593
Advance to Director	8,630	19,459
Services rendered	1,834	269

12. Bank balances and cash

	Unaudited Three months period ended March 31, 2009 AED'000	Unaudited Three months period ended March 31, 2008 AED'000
Cash at hand	988	904
Current accounts with banks	12,334	188,381
Fixed deposits maturing within 3 months	12,008	-
Fixed deposits after within 3 months	65,608	142,863
	90,938	332,148

13. Trade and other payables

	Unaudited Three months period ended March 31, 2009 AED'000	Unaudited Three months period ended March 31, 2008 AED'000
Trade payables	46,214	14,094
Derivative financial instruments	95,551	94,384
Other accruals and payables	16,075	29,805
Dividend payable	14,490	-
	<u>172,330</u>	<u>138,283</u>

Please refer to note 26 for further information on derivative financial instruments.

14. Share capital

	Unaudited 31-Mar-09 AED'000	Audited 31-Dec-08 AED'000	Unaudited 31-Mar-08 AED'000
Issued and fully paid up:			
358,800,000 shares of AED 1 each (March 31, 2008:			
276,000,000 shares of AED 1 each)	<u>358,800</u>	<u>358,800</u>	<u>276,000</u>

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. Investment fluctuation reserve

This reserve represents the cumulative changes in fair value of investments in marketable securities.

17. General reserve

As required by Article 57.2 of the Article of Association of the Company, 10% of the net profit has to be transferred to general reserve. It can be discontinued by the resolution of the ordinary general meeting on the proposal of 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.

18. 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 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 for the three months period ended March 31, 2009 as it would be affected at the year-end.

19. Proposed dividend

For 2008, a dividend of AED 161.4 million was proposed by the Directors' of the Company which was paid out by way of cash dividend.

20. Cost of sales

	Unaudited Three months period ended March 31, 2009 AED'000	Unaudited Three months period ended March 31, 2008 AED'000
Material expenses	63,092	78,220
Factory utilities	15,207	8,734
Staff costs	5,662	7,195
Depreciation	3,421	3,326
	<u>87,382</u>	<u>97,475</u>

21. Other income

	Unaudited Three months period ended March 31, 2009 AED'000	Unaudited Three months period ended March 31, 2008 AED'000
Rental income from investment properties	120	30
Other rental income	2,222	3,337
Income from scrap sales	86	72
Gain on sale of property, plant and equipment	25	22
Other income	881	578
	<u>3,334</u>	<u>4,039</u>

22. Administration, selling and general expenses

	Unaudited Three months period ended March 31, 2009 AED'000	Unaudited Three months period ended March 31, 2008 AED'000
Staff salaries and benefits	3,855	8,623
License fees	164	164
Insurance	649	672
Communication	59	39
Repair and maintenance	1,707	2,490
Travelling and conveyance expenses	101	30
Legal and professional	59	45
Electricity and water	67	32
Depreciation	1,237	1,426
Other	253	218
Finance charges	743	664
	<u>8,894</u>	<u>14,403</u>

23. Financial income/(expense) net

	Unaudited Three months period ended March 31, 2009 AED'000	Unaudited Three months period ended March 31, 2008 AED'000
Interest income on interest rate swap contracts	8,911	8,000
Interest income on bank deposits	6,522	4,166
Interest income on investments	20	975
Gain on unwinding of interest rate swap contracts	17,123	10,840
Gain on unwinding of commodity derivative swap contracts	-	22,994
Unrealized gain of available for sale transferred from equity	2,227	76,674
Gain on disposal of available for sale financial assets	-	14,858
Dividend income on available for sale financial assets	5,451	4,506
Financial income	<u>40,254</u>	<u>143,013</u>
Net revaluation loss on interest rate swap contracts (unrealised)	17,976	17,243
Net revaluation loss on commodity derivative contracts (unrealised)	4,416	16,959
Loss on disposal of available for sale financial assets	1,856	-
Financial expense	<u>24,248</u>	<u>34,202</u>
Financial income/(expense) net	<u>16,006</u>	<u>108,811</u>

24. Earnings per share

	Unaudited Three months period ended March 31, 2009 AED'000	Unaudited Three months period ended March 31, 2008 AED'000
Net profit attributable to shareholders	75,515	134,260
Weighted average number of shares	358,800	276,000
Earnings per share	<u>0.21</u>	<u>0.49</u>

25. Cash and cash equivalents

	Unaudited Three months period ended March 31, 2009 AED'000	Unaudited Three months period ended March 31, 2008 AED'000
Bank balances and cash	90,938	189,285
Fixed deposits maturing after three months	(65,608)	-
Bank overdraft	(55,229)	-
	<u>(29,899)</u>	<u>189,285</u>

26. Segment reporting

The Company's activities comprise two main business segments, manufacturing and selling cement and cement related products and investment in marketable securities and derivative products. The details of segment revenue, segment result, segment assets and segment liabilities have been provided on page 16.

27. Financial instruments**Capital risk management**

The capital is managed by the Company in a way that it is able to continue as a going concern while maximizing return to stakeholders.

The capital structure of the Company consists of borrowings, cash and cash equivalents and equity attributable to equity holders comprising of issued capital, reserves and retained earnings.

27. Financial instruments (Continued)

Market risk

The Company is primarily exposed to the financial risks of changes in foreign currency exchange rates and interest rates.

Foreign currency risk management

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuation arise. The Company is mainly exposed to US Dollars. The US Dollar has been pegged against the United Arab Emirates Dirham ("AED"), hence no exchange risk is considered to exist.

Interest rate risk

The Company is exposed to interest rate risk as it borrows funds at both fixed and floating interest rates. Sensitivity analysis of interest rates is as follows:

If the interest rates have been 50 base points higher or lower and all other variables were held constant, the Company's profits would increase by AED 3,715.

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 March 31, 2009 the Company had outstanding interest rate swap contracts with a notional amount of USD 125 million (AED 459 million) ((December 31, 2008: USD 275 million (AED 1,010 million)) and outstanding commodity derivative swap contracts with a notional amount of USD 66 million (AED 242 million) ((December 31, 2008: USD 66 million (AED 242 million)). The fair value of the interest rate and commodity swap contracts are shown as under:

	Unaudited 31-Mar-09 AED'000	Audited 31-Dec-08 AED'000	Unaudited 31-Mar-08 AED'000
Interest rate swap - positive value	293	18,269	19,358
Interest rate swap - negative value	(29,119)	(46,241)	(53,594)
Commodity derivative - negative value	(66,725)	(62,310)	(60,148)
	<u>(95,551)</u>	<u>(90,282)</u>	<u>(94,384)</u>

Credit risk

The Company is exposed to credit risk from its financial assets which comprise principally fixed deposits, bank balances, trade and other receivables, due from related parties and investments. The credit risk on trade receivables is subjected to credit evaluations and an allowance may be made for estimated irrecoverable amounts. The Company is not exposed to any significant concentration of credit risk because its exposure is spread over financial institutions

28. Capital commitments

	Unaudited 31-Mar-09 AED'000	Audited 31-Dec-08 AED'000	Unaudited 31-Mar-08 AED'000
Property plant and equipment	<u>-</u>	<u>15,000</u>	<u>7,192</u>

29. 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 had 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.

30. Comparative figures

Certain comparative figures have been reclassified to conform to the presentation adopted in these interim condensed financial statements.

National Cement Company (Public Shareholding Co.), Dubai

Notes to the interim condensed financial statements for the three months period ended March 31, 2009 (Continued)

Segment report as on March 31, 2009

	Three months period ended March 31, 2009 (Unaudited)			Three months period ended March 31, 2008 (Unaudited)		
	Investment in marketable securities		Total	Investment in marketable securities		Total
	Cement and derivative products	AED'000	AED'000	Cement and derivative products	AED'000	AED'000
Segment revenue	152,451		192,704	133,288		276,301
Segment result	65,069		81,074	35,813		144,624
Other income	-		3,334	-		4,039
Unallocated expenses	-		(8,894)	-		(14,403)
Net profit for the year	-		75,514	-		134,260
Segment assets	607,108		2,249,704	851,936		3,436,570
Investment in equity accounted investee	52,746		52,746	52,807		52,807
Total assets	659,854		2,302,450	904,743		3,489,377
Segment liabilities	197,676		293,227	68,541		162,924
Total liabilities	197,676		293,227	68,541		162,924
Capital expenditure	998		143,743	568		111,067
Depreciation	4,657		4,657	4,753		4,753