

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

Interim Condensed Financial Statements

Period Ended September 30, 2009



BDO Patel & Al Saleh
Chartered Accountants

National Cement Company (Public Shareholding Co.), Dubai

Interim condensed financial statements for the period ended September 30, 2009

Contents

Page:

1	Review report of the independent auditors
2	Interim condensed statement of financial position
3	Interim condensed statement of comprehensive income
4	Interim condensed statement of changes in equity
5	Interim condensed statement of cash flows
6-16	Notes to the interim condensed financial statements



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محاسبون قانونيون

ص.ب ١٩٦١، دبي - ا.ع.م.
تليفون: ٢٢٢ ٢٨٦٩
تليفاكس: ٢٢٧ ٠١٥١

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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 September 30, 2009, and the related interim condensed statements of comprehensive income, changes in equity and cash flows for the nine 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 September 30, 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

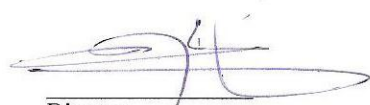
November 11, 2009

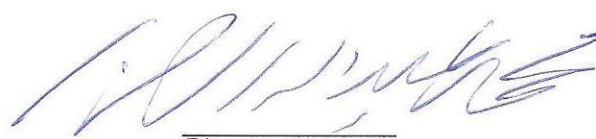
National Cement Company (Public Shareholding Co.), Dubai

Interim condensed statement of financial position at September 30, 2009

	Note	Unaudited September 30 2009 AED'000	Audited December 31 2008 AED'000	Unaudited September 30 2008 AED'000
Non current assets				
Property, plant and equipment	4	182,256	191,075	193,345
Investment properties	5	2,924	2,924	2,924
Investment in marketable securities	6	1,445,343	2,132,175	2,322,314
Investment in an associate	7	52,758	52,758	52,758
Long term receivable		-	1,000	1,000
Total non current assets		1,683,281	2,379,932	2,572,341
Current assets				
Investment in marketable securities	6	3,411	9,847	18,284
Inventories	8	70,926	81,184	73,267
Trade and other receivables	9	160,726	150,326	166,590
Due from related parties	10	67,250	51,691	46,202
Bank balances and cash	11	58,650	129,002	143,847
Total current assets		360,963	422,050	448,190
Current liabilities				
Trade and other payables	12	164,373	144,476	178,446
Due to related parties	10	20,393	45,054	23,580
		184,766	189,530	202,026
Net current assets		176,197	232,520	246,164
Non current liabilities				
Provision for employees' end of service gratuities		(28,090)	(28,185)	(27,928)
Net assets		1,831,388	2,584,267	2,790,577
Equity				
Share capital	13	358,800	358,800	358,800
Share application money payable		26	26	26
Development and investment reserve	14	300,000	300,000	300,000
Investment fluctuation reserve	15	552,304	1,289,027	1,489,872
General reserve	16	69,000	69,000	69,000
Statutory reserve	17	107,203	107,203	87,805
Retained earnings		444,055	298,751	485,074
Dividend	18	-	161,460	-
Total equity		1,831,388	2,584,267	2,790,577

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


Director


Director

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

Interim condensed statement of comprehensive income for the period ended September 30, 2009

	Note	Unaudited Three months period ended September 30 2009 AED'000	Unaudited Three months period ended September 30 2008 AED'000	Unaudited Nine months period ended September 30 2009 AED'000	Unaudited Nine months period ended September 30 2008 AED'000
Revenue		79,901	140,905	347,362	422,497
Cost of sales	19	(70,710)	(112,233)	(232,848)	(313,681)
Gross profit		9,191	28,672	114,514	108,816
Other income	20	4,447	13,431	12,063	23,496
		13,638	42,103	126,577	132,312
Administration, selling and general expenses	21	(9,049)	(13,828)	(25,264)	(37,203)
Share in loss from an associate		-	-	-	(49)
Profit before financial income and expense		4,589	28,275	101,313	95,060
Financial income/(expense)	22	5,931	7,040	43,991	102,635
Net profit for the period		10,520	35,315	145,304	197,695
Basic and diluted earnings per share (AED)	23	0.03	0.10	0.40	0.55

Interim condensed statement of changes in equity for the period ended September 30, 2009 (unaudited)

	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	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
Dividend paid	-	-	-	-	-	-	-	(91,524)	(91,524)
Dividend payable transferred to current liabilities	-	-	-	-	-	-	-	(5,076)	(5,076)
Issue of bonus shares	82,800	-	-	-	-	-	-	(82,800)	-
Net movements in changes in fair value	-	-	-	4,879	-	-	-	-	4,879
Transfer of unrealized gain on sale of investments to income statement	-	-	-	(81,347)	-	-	-	-	(81,347)
Net profit for the period	-	-	-	-	-	-	197,695	-	197,695
Balance at September 30, 2008	358,800	26	300,000	1,489,872	69,000	87,805	485,074	-	2,790,577
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	-	-	-	(734,871)	-	-	-	-	(734,871)
Transfer of unrealized gain on sale of investments to income statement	-	-	-	(1,852)	-	-	-	-	(1,852)
Net profit for the period	-	-	-	-	-	-	145,304	-	145,304
Dividend paid during the period	-	-	-	-	-	-	-	(161,460)	(161,460)
Balance at September 30, 2009	358,800	26	300,000	552,304	69,000	107,203	444,055	-	1,831,388

Interim condensed statement of cash flow for the period ended September 30, 2009

	Unaudited Nine months period ended September 30 2009 AED'000	Unaudited Nine months period ended September 30 2008 AED'000
Cash flows from operating activities		
Net profit for the period	145,304	197,695
Adjustments for:		
Depreciation	13,044	14,461
Gain on disposal of property, plant and equipment	(78)	(241)
Provision for employees' end of service gratuities	1,206	8,098
Financial income and expense (net)	(43,991)	(102,635)
Share in loss of an associate	-	49
	115,485	117,427
Operating profit before working capital changes		
Decrease in inventories	10,258	10,750
Increase in trade and other receivables	(10,399)	(11,069)
Increase in due from related parties	(15,559)	4,478
Increase/ (decrease) in trade and other payables	15,437	(2,600)
Decrease in due to related parties	(24,661)	20,936
Decrease in long term receivable	1,000	-
Payment of end of service benefits	(1,304)	(2,162)
	90,257	137,760
<i>Net cash from operating activities</i>		
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,225)	(4,804)
Investment in marketable securities	(292,028)	(437,792)
Proceeds from disposal of property, plant and equipment	78	643
Proceeds from disposal of investment in marketable securities	246,982	284,455
Dividend income	15,126	10,733
Interest income	34,918	26,194
	851	(120,571)
<i>Net cash from/(used in) investing activities</i>		
Cash flows from financing activities		
Dividend paid during the period	(161,460)	(91,524)
	(161,460)	(91,524)
<i>Net cash used in financing activities</i>		
Net decrease in cash and cash equivalents	(70,352)	(74,335)
Cash and cash equivalents at beginning of the period	129,002	218,182
Cash and cash equivalents at end of the period	58,650	143,847

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 nine months period ended September 30, 2009 were authorized for issue by the Board of Directors on November 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 nine months period ended September 30, 2009 additions to the property, plant and equipment amounted to approximately AED 4.225 million and assets with a cost of AED 0.334 million were sold during the period. Depreciation charge for the period amounts to AED 13.044 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 (September 30, 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 September 30 2009 AED'000	Audited December 30 2008 AED'000	Unaudited September 30 2008 AED'000
Non current investments	1,445,343	2,132,175	2,322,314
Current investments	3,411	9,847	18,284
	<u>1,448,754</u>	<u>2,142,022</u>	<u>2,340,598</u>

- a. At September 30, 2009, investments include AED 8.4 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 September 30, 2009, investments in marketable securities amounting to AED 246 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 with a fair value amounting to AED 15million (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. Inventories

	Unaudited September 30 2009 AED'000	Audited December 30 2008 AED'000	Unaudited September 30 2008 AED'000
Raw materials	28,091	22,680	30,447
Work in progress	24,450	33,418	23,051
Finished goods	861	4,646	4,165
Spare parts	24,646	27,562	22,726
Provision for obsolescence	(7,122)	(7,122)	(7,122)
	<u>70,926</u>	<u>81,184</u>	<u>73,267</u>

9. Trade and other receivables

	Unaudited September 30 2009 AED'000	Audited December 30 2008 AED'000	Unaudited September 30 2008 AED'000
Trade receivables	121,486	144,979	145,597
Other receivables	4,000	472	20,993
Advances and prepayments	35,240	4,875	-
	<u>160,726</u>	<u>150,326</u>	<u>166,590</u>

10. Related party disclosure

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 balances due to/from such parties, which have been disclosed separately in the interim condensed financial statements, are unsecured and repayable on demand. 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 3 months September 30 2009 AED'000	Unaudited 3 months September 30 2008 AED'000	Unaudited 9 months September 30 2009 AED'000	Unaudited 9 months September 30 2008 AED'000
Purchases from related parties	2,727	2,021	11,146	14,480
Sales to related parties	11,956	21,566	45,503	66,905
Advance to a Director	4,000	-	4,000	8,743
	<u>18,683</u>	<u>23,587</u>	<u>60,649</u>	<u>89,128</u>

Compensation key management personnel

	Unaudited 3 months September 30 2009 AED'000	Unaudited 3 months September 30 2008 AED'000	Unaudited 9 months September 30 2009 AED'000	Unaudited 9 months September 30 2008 AED'000
Salaries and other short-term employee	789	888	2,459	2,495
End of service benefits charged	46	563	138	652
End of service benefits payable	5,291	5,102	5,291	5,102
	<u>6,126</u>	<u>6,553</u>	<u>7,888</u>	<u>8,249</u>

11. Bank balances and cash

	Unaudited September 30 2009 AED'000	Audited December 30 2008 AED'000	Unaudited September 30 2008 AED'000
Cash at hand	674	528	1,163
Current accounts with banks	38,891	75,934	63,920
Fixed deposit maturing within 3 months	19,085	52,540	78,764
	<u>58,650</u>	<u>129,002</u>	<u>143,847</u>

12. Trade and other payables

	Unaudited September 30 2009 AED'000	Audited December 30 2008 AED'000	Unaudited September 30 2008 AED'000
Trade payables	35,564	23,822	41,172
Derivative financial instruments	94,742	90,283	108,110
Other accruals and payables	28,639	28,621	27,388
Directors' fees	-	1,750	-
Dividend payable	5,428	-	1,776
	<u>164,373</u>	<u>144,476</u>	<u>178,446</u>

Please refer to note 25 for further information on derivative financial instruments.

13. Share capital

	Unaudited September 30 2009 AED'000	Audited December 30 2008 AED'000	Unaudited September 30 2008 AED'000
Issued and fully paid up:			
358,800,000 shares of AED 1 each	<u>358,800</u>	<u>358,800</u>	<u>358,800</u>

14. 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.

15. Investment fluctuation reserve

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

16. 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.

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 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 September 30, 2009 as it would be effected at the year-end.

18. Dividend

For 2008, a dividend of AED 161.5 million was proposed by the Directors' of the Company which was paid out by way of cash dividend.

19. Cost of sales

	Unaudited 3 months September 30 2009 AED'000	Unaudited 3 months September 30 2008 AED'000	Unaudited 9 months September 30 2009 AED'000	Unaudited 9 months September 30 2008 AED'000
Material expenses	49,631	93,961	166,780	258,881
Utilities and other factory costs	12,174	8,762	39,862	27,307
Staff costs	5,546	6,021	16,020	17,365
Depreciation	3,359	3,489	10,186	10,128
	<u>70,710</u>	<u>112,233</u>	<u>232,848</u>	<u>313,681</u>

20. Other income

	Unaudited 3 months September 30 2009 AED'000	Unaudited 3 months September 30 2008 AED'000	Unaudited 9 months September 30 2009 AED'000	Unaudited 9 months September 30 2008 AED'000
Rental income from investment proper	1,062	2,421	2,100	10,976
Other rental income	2,446	-	6,940	-
Income from scrap sales	760	829	2,550	2,183
Gain on sale of property, plant and equ	18	219	78	241
Other income	161	9,962	395	10,096
	<u>4,447</u>	<u>13,431</u>	<u>12,063</u>	<u>23,496</u>

21. Administration, selling and general expenses

	Unaudited 3 months September 30 2009 AED'000	Unaudited 3 months September 30 2008 AED'000	Unaudited 9 months September 30 2009 AED'000	Unaudited 9 months September 30 2008 AED'000
Staff salaries and benefits	5,893	8,821	14,284	20,330
License fees	-	-	164	164
Insurance	208	1	554	669
Communication	39	40	154	128
Repair and maintenance	1,654	2,871	5,181	8,172
Travelling and conveyance expenses	115	68	315	278
Legal and professional	64	35	179	170
Electricity and water	107	5	270	47
Depreciation	831	1,458	2,857	4,334
Finance charges	10	417	812	2,361
Other	128	112	494	550
	<u>9,049</u>	<u>13,828</u>	<u>25,264</u>	<u>37,203</u>

22. Financial income/(expense) net

	Unaudited 3 months September 30 2009 AED'000	Unaudited 3 months September 30 2008 AED'000	Unaudited 9 months September 30 2009 AED'000	Unaudited 9 months September 30 2008 AED'000
Interest income on interest swap contracts	7,752	3,150	18,460	15,126
Interest income on bank deposits	414	978	628	2,065
Interest income on investments	4,893	1,517	15,829	9,003
Net revaluation gain (unrealised) on				
- interest rate swap contracts	7,574	15,614	24,697	-
- commodity derivative contracts	-	720	-	-
Net gain on unwinding of				
- interest rate swap contracts	-	-	17,123	26,558
- commodity derivative contracts	-	-	-	22,994
Net revaluation gain (realised) on				
- interest rate swap contracts	-	-	-	-
- commodity derivative contracts	25,318	-	25,318	-
Gain on disposal of available for sale share				
- transferred from equity (unrealised)	-	1,100	1,499	81,347
- realised gain	-	(1,100)	-	16,824
Dividend income	1,933	3,429	15,126	10,733
Financial income	47,884	25,408	118,680	184,650
Net revaluation loss (unrealised) on				
- interest rate swap contracts	35,242	-	53,218	29,971
- commodity derivative contracts	4,415	-	8,831	33,676
Net revaluation loss (realised) on				
- interest rate swap contracts	-	-	9,548	-
Loss on disposal of available for sale share				
- transferred from equity (unrealised)	1,240	-	1,240	-
- realised gain	1,056	-	1,852	-
Impairment loss on marketable securities	-	18,368	-	18,368
Financial expense	41,953	18,368	74,689	82,015
Financial income/(expense) recognised in income statement	5,931	7,040	43,991	102,635

23. Earnings per share

	Unaudited 3 months September 30 2009 AED'000	Unaudited 3 months September 30 2008 AED'000	Unaudited 9 months September 30 2009 AED'000	Unaudited 9 months September 30 2008 AED'000
Net profit attributable to shareholders	10,520	35,315	145,304	197,695
Weighted average number of shares	358,800	358,800	358,800	358,800
Earnings per share	<u>0.03</u>	<u>0.10</u>	<u>0.40</u>	<u>0.55</u>

24. 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 15.

25. 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.

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 4,060.

25. Financial instruments (Continued)**Derivative contracts**

The Company's investments in certain securities normally carry interest which is 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 September 30, 2009 the Company had outstanding interest rate swap contracts with a notional amount of USD 160 million (AED 588 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 September 30 2009 AED'000	Audited December 30 2008 AED'000	Unaudited September 30 2008 AED'000
Interest rate swap - positive value	-	18,269	14,871
Interest rate swap - negative value	(48,919)	(46,241)	(46,117)
Commodity derivative - negative value	(45,823)	(62,311)	(76,864)
	<u>(94,742)</u>	<u>(90,283)</u>	<u>(108,110)</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 September 30 2009 AED'000	Audited December 30 2008 AED'000	Unaudited September 30 2008 AED'000
Property plant and equipment	<u>-</u>	<u>-</u>	<u>34,441</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.

Notes to the interim condensed financial statements for the nine months period ended September 30, 2009 (Continued)

16