

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

Annual Report and Financial Statements

Year Ended December 31, 2009

IBDO

Contents

Page:

Directors' report	1
Report of the independent auditors	2
Financial statements	
- Statement of financial position	3
- Statement of comprehensive income	4
- Statement of changes in equity	5
- Statement of cash flow	6
- Notes to the financial statements	7-31



شركة الاسمنت الوطنية. س.م.ع.
National Cement Co. P.S.C.

BOARD OF DIRECTORS REPORT FOR THE FINANCIAL YEAR ENDED ON 31.12.2009

Dear Shareholders,
"Assalam Alaikum",

On my behalf and also on behalf of the Board of Directors of National Cement Company (PSC), Dubai, we are pleased to welcome you and would like to thank all the shareholders for attending to this General Assembly Meeting. It is our pleasure to put forward a brief report about the results of the Company based on the Audited Financial Statements for the year 2009.

First : Production

The production target of all types of cement has been achieved at 1,444,760 Tons for the year 2009 where as the value of cement sales was Dhs.424,309,000 which was at the rate of Dhs.293 per Ton.

Second : Profit

The profit for the year ended on 31.12.2009 is amounting to Dhs.133,738,000. After discussion about the financial accounts, the Board Directors suggest to pay divided for te year 2009 w below;

- 1- A cash payment of 45% of paid-up capital;
- 2- 10% from the profit to be transferred to statutory reserve;
- 3- Since the General Reserve is already more than 10% of the paid up capital, there is no need to transfer any further amount;
- 4- The Board of "Directors fees has been fixed at Dhs.250,000/- for each sitting Director;
- 5- The balance profit is carried to the balance sheet.

Third : Balance Sheet

The Company has completed its annual accounts and prepared financial statement for the year ended on 31.12.2009 and handed over to the Auditors, M/s B.D.O Patel & Al Saleh. and the Representative of the Auditors, to audit and discuss the matter about the financial statement.

The Board of Directors finally on the occasion of the closing of the Accounts of the Company, would like to thank all the concerned who have contributed their effects for the development of the Company and express the good wishes in the future endeavors.

"Assalam Alaikum"

CHAIRMAN

ABDULLA AHMED AL-GHURAIR



هاتف : ٩٧١ ٤ ٢٢٢ ٢٨٦٩
فاكس : ٩٧١ ٤ ٢٢٧ ٠١٥١

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Suite 305, Al Futtaim Tower Al Maktoum
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Report of the independent auditors to the shareholders of National Cement Company (Public Shareholding Co.), Dubai

We have audited the accompanying financial statements of National Cement Company (Public Shareholding Co.), Dubai ("the Company"), which comprise the statement of financial position as at December 31, 2009, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements, based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements 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 internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of National Cement Company (Public Shareholding Co.), Dubai as at December 31, 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

We have obtained all the information and explanations, which were necessary for the purposes of our audit and no violation of the UAE Commercial Companies Law No. 8 of 1984 (as amended) or of the constitution of the Company came to our attention, which would materially affect the Company's financial position.

In our opinion, the Company maintains proper books of account and the accompanying financial statements are in agreement therewith. The Company has also conducted stocktaking in accordance with established principles and the financial information contained in the Directors' report conforms to the financial statements.

Other matters

The financial statements of the Company for the year ended December 31, 2008, were audited by another auditor who expressed an unqualified opinion on those statements on February 19, 2009.

BDO CHARTERED ACCOUNTANTS & ADVISORS

Dubai

Yunus Yusuf Saifee

Reg. No. 418

February 28, 2010

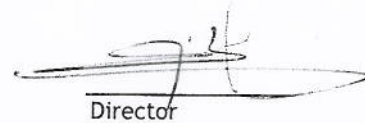
National Cement Company (Public Shareholding Co.), Dubai

Statement of financial position at December 31, 2009

	Note	2009 AED'000	2008 AED'000
Non current assets			
Property, plant and equipment	5	190,095	191,075
Investment properties	6	2,924	2,924
Investment in marketable securities	7	1,412,157	2,132,175
Investment in an associate	8	48,660	52,758
Long term receivable	9	-	1,000
Total non current assets		1,653,836	2,379,932
Current assets			
Investment in marketable securities	7	2,692	9,847
Inventories	10	68,178	81,184
Trade and other receivables	11	124,375	150,326
Due from related parties	12	75,276	51,691
Bank balances and cash	13	105,061	129,002
Total current assets		375,582	422,050
Current liabilities			
Trade and other payables	14	157,859	144,476
Due to related parties	12	7,098	45,054
Total current liabilities		164,957	189,530
Net current assets		210,625	232,520
Non current liabilities			
Provision for employees' end of service gratuities	15	(27,967)	(28,185)
Net assets		1,836,494	2,584,267
Equity			
Share capital	16	358,800	358,800
Share application money		26	26
Development and investment reserve	17	300,000	300,000
Fair value reserve	18	570,726	1,289,027
General reserve	19	69,000	69,000
Statutory reserve	20	120,577	107,203
Retained earnings		417,365	298,751
Dividend	21	-	161,460
Total equity		1,836,494	2,584,267

The financial statements were approved and authorised for issue by the Board of Directors on February 28, 2010 and were signed on its behalf by:


Chairman


Director

The notes on pages 7 to 31 form part of these financial statements.

National Cement Company (Public Shareholding Co.), Dubai

Statement of comprehensive income for the year ended December 31, 2009

	Note	2009 AED'000	2008 AED'000
Revenue		424,309	557,572
Cost of sales	22	(309,063)	(439,233)
Gross profit		115,246	118,339
Other income	23	17,110	15,818
		132,356	134,157
Administration, selling and general expenses	24	(32,393)	(50,021)
Share of loss in associate	8	(4,098)	(49)
Profit before financial income and expense		95,865	84,087
Financial income	25	37,873	109,893
Net profit for the year		133,738	193,980
Net movement in fair value of available for sale investments		(722,399)	(206,203)
Total comprehensive income during the year		(588,661)	(12,223)
Basic and diluted earnings per share (AED)	26	0.37	0.54

The notes on pages 7 to 31 form part of these financial statements.

National Cement Company (Public Shareholding Co.), Dubai

Statement of changes in equity for the year ended December 31, 2009

	Share capital AED'000	Share application money AED'000	Development & investment reserve AED'000	Fair value 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	-	-	-	-	-	-	-	(96,600)	(96,600)
Issue of bonus shares	82,800	-	-	-	-	-	-	(82,800)	-
Directors' fee	-	-	-	-	-	-	(1,750)	-	(1,750)
Impairment loss recognised in the statement of comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income during the year	-	-	-	9,253	-	-	-	-	9,253
Transfer on derecognition of investments to statement of comprehensive income	-	-	-	(206,203)	-	-	193,980	-	(12,223)
Proposed dividend	-	-	-	(80,363)	-	-	-	-	(80,363)
Transfer to statutory reserve	-	-	-	-	-	19,398	(19,398)	161,460	-
Balance at December 31, 2008	358,800	26	300,000	1,289,027	69,000	107,203	298,751	161,460	2,584,267
Dividend paid during the year	-	-	-	-	-	-	-	(161,460)	(161,460)
Total comprehensive income during the year	-	-	-	(722,399)	-	-	133,738	-	(588,661)
Transfer on derecognition of investments to statement of comprehensive income	-	-	-	4,098	-	-	-	-	4,098
Transfer to statutory reserve	-	-	-	-	-	13,374	(13,374)	-	-
Directors' fee	-	-	-	-	-	-	(1,750)	-	(1,750)
Balance at December 31, 2009	358,800	26	300,000	570,726	69,000	120,577	417,365	-	1,836,494

National Cement Company (Public Shareholding Co.), Dubai

Statement of cash flow for the year ended December 31, 2009

	Note	2009 AED'000	2008 AED'000
Cash flows from operating activities			
Net profit for the year		133,738	193,980
Adjustments for:			
Depreciation		17,233	19,230
Gain on disposal of property, plant and equipment		(78)	(291)
Provision for employees' end of service gratuities		1,621	8,544
Financial income and expense (net)		(37,873)	(109,671)
Share in loss of an associate		4,098	49
Operating profit before working capital changes		118,739	111,841
Decrease in inventories		13,006	2,833
Decrease in trade and other receivables		6,969	5,195
Increase in due from related parties		(23,585)	(1,011)
Increase/ (decrease) in trade and other payables		19,383	(15,416)
(Decrease)/increase in due to related parties		(37,956)	42,410
Decrease in long term receivable		1,000	-
Payment of end of service benefits		(1,839)	(2,351)
<i>Net cash from operating activities</i>		95,717	143,501
Cash flows from investing activities			
Purchase of property, plant and equipment		(3,320)	(7,317)
Investment in marketable securities		(305,811)	(473,262)
Proceeds from disposal of property, plant and equipment		128	707
Proceeds from disposal of investment in marketable securities		313,091	301,825
Dividend income		15,225	10,583
Interest income		24,239	31,383
<i>Net cash from/ (used in) investing activities</i>		43,552	(136,081)
Cash flows from financing activities			
Dividend paid		(161,460)	(96,600)
Director's fee		(1,750)	-
<i>Net cash used in financing activities</i>		(163,210)	(96,600)
Net decrease in cash and cash equivalents		(23,941)	(89,180)
Cash and cash equivalents at beginning of the year		129,002	218,182
Cash and cash equivalents at end of the year		105,061	129,002

The notes on pages 7 to 31 form part of these 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 Commercial Companies Law No. 8 of 1984 (as amended). The registered address of the Company is P.O. 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 investment securities and derivative products. The Company was listed on the Dubai Financial Market in 2005.

The financial statements for the year ended December 31, 2009 were authorized for issue by the Board of Directors on February 28, 2010.

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

2. Adoption of new and revised standards

In the current year, the Company has adopted the following new and revised Standards, Amendments and Interpretations issued by the International Accounting Standards Board ("the IASB") and the International Financial Reporting Interpretations Committee ("the IFRIC") of the IASB that are relevant to its operations and effective for annual reporting periods beginning on January 1, 2009.

- IAS 1 (revised). 'Presentation of financial statements' - effective January 1, 2009. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity in a statement of comprehensive income. As a result the Company presents in the statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. As the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share / net profit for the year.
- IFRS 7 'Financial instruments - Disclosures' (amendment) - effective January 1, 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on earnings per share / net profit for the year.
- IAS 16 (Amendment), 'Property, plant and equipment' (and consequential amendment to IAS 7, 'Statement of cash flows') (effective for annual periods beginning on or after January 1, 2009). Entities whose ordinary activities comprise renting and subsequently selling assets present proceeds from the sale of those assets as revenue and should transfer the carrying amount of the asset to inventories when the asset becomes held for sale. A consequential amendment to IAS 7 states that cash flows arising from purchase, rental and sale of those assets are classified as cash flows from operating activities. The amendment will not have an impact on the Company's operations because their ordinary activities do not comprise renting and subsequently selling assets.

2. Adoption of new and revised standards (Continued)

- IAS 23 (revised), 'Borrowing costs' - effective January 1, 2009. In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after January 1, 2009, the Company capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The Company previously recognised all borrowing costs as an expense immediately. This change in accounting policy was due to the adoption of IAS 23, 'Borrowing costs' (2007) in accordance with the transition provisions of the standard; comparative figures have not been restated. The change in accounting policy had no material impact on earnings per share / net profit for the year.
- IAS 36 (Amendment), 'Impairment of assets' (effective for annual periods beginning on or after January 1, 2009). Where fair value less costs to sell is calculated on the basis of discounted cash flows, disclosures equivalent to those for value-in-use calculation should be made. The Company will apply the IAS 28 (Amendment) and provide the required disclosure where applicable for impairment tests from January 1, 2009.
- IAS 40 (Amendment), 'Investment property' (and consequential amendments to IAS 16) (effective for annual periods beginning on or after January 1, 2009). Property that is under construction or development for future use as investment property is within the scope of IAS 40. Where the fair value model is applied, such property is, therefore, measured at fair value. However, where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably measurable. The amendment will not have an impact on earnings per share / net profit for the year.
- IFRS 8 Operating Segments (effective for annual periods beginning on or after January 1, 2009). Under the requirements of the new standard, the Company's external segment reporting will be based on the internal reporting to the Executive Board (in its function as the chief operating decision-maker), which makes decisions on the allocation of resources and assess the performance of the reportable segments. The application of IFRS 8 does not have any material effects for the Company.
- IAS 32 (Amendment), 'Financial instruments: Presentation', and IAS 1 (Amendment), 'Presentation of financial statements' - 'Puttable financial instruments and obligations arising on liquidation' (effective for annual periods beginning on or after January 1, 2009). The amended standards require entities to classify Puttable financial instruments and instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation as equity, provided the financial instruments have particular features and meet specific conditions. The amendment in this standard will not have an impact on the classification of the Company's financial statements, as the Company does not have Puttable financial instruments and instruments, or components of instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity.
- IAS 39 (Amendment), 'Financial instruments: Recognition and measurement' (effective for annual periods beginning on or after January 1, 2009). The definition of financial asset or financial liability at fair value through profit or loss as it relates to items that are held for trading was amended. This clarifies that a financial asset or liability that is part of a portfolio of financial instruments managed together with evidence of an actual recent pattern of short-term profit-taking is included in such a portfolio on initial recognition. The amendment will not have an impact on the Company's financial statements.

2. Adoption of new and revised standards (*Continued*)

The following Standards, Amendments and Interpretations are not yet effective and have not been adopted by the Company:

- IAS 1 (Amendment), 'Presentation of financial statements' (effective for annual periods beginning on or after January 1, 2010).
- IAS 7 (Amendment), 'Statement of cash flows' (effective for annual periods beginning on or after January 1, 2010).
- IAS 17 (Amendment), 'Leases' (effective for annual periods beginning on or after January 1, 2010).
- IAS 28 (Amendment), 'Investments in associates' (effective for annual periods beginning on or after July 1, 2009).
- IAS 39(Amendment), 'Financial instruments recognition and measurement' (effective for annual periods beginning on or after June 30, 2009).
- IAS 39(Amendment), 'Financial instruments recognition and measurement' (effective for annual periods beginning on or after July 1, 2009).
- IAS 39(Amendment), 'Financial instruments recognition and measurement' (effective for annual periods beginning on or after January 1, 2010).
- IFRS 8 (Amendment), 'Operating segments' (effective for annual periods beginning on or after January 1, 2010).

3. Significant accounting policies

These financial statements are prepared under the historical cost convention and in accordance with International Financial Reporting Standards. These financial statements also comply with the requirements of UAE Commercial Companies Law No. 8 of 1984 (as amended). The significant accounting policies adopted are as follows:

Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses.

Capital work in progress is stated at cost. All costs related to specific assets incurred during the year are carried under this heading. These are transferred to specific assets when they are available for use.

Depreciation

Depreciation is provided consistently on a straight line basis so as to write off the cost of property, plant and equipment over their estimated useful lives as follows:

Buildings	3-14 years
Plant and machinery	3-25 years
Furniture, fixture and equipments	4-7 years
Motor vehicles	3 years

3. Significant accounting policies (*Continued*)

Investment properties

Investment properties are initially accounted for by using the cost model under IAS 40 *Investment property* and subsequent measurements are done in accordance with the requirements of IAS 16 *Property, plant and equipment* for that model.

Investment properties are stated at cost, less accumulated depreciation and accumulated impairment losses.

Depreciation is provided consistently on a straight line basis so as to write off the cost of investment properties over their estimated useful lives. Land forming part of the investment properties is not depreciated. Buildings forming part of the investment properties have been depreciated from the date of acquisition on a straight line basis so as to write off the cost of buildings over their estimated useful life of 10 years.

Investment in associate

Where the Company has power to participate in but not control the financial and operating policy decisions of another entity, it is classified as an associate. Investment in associate is accounted for using the equity method and is initially recognized at cost.

The Company's share of the post-acquisition profit and losses is recognised in the statement of comprehensive income, except that losses in excess of the Company's investment in the associate are not recognised unless there is an obligation to make good the losses.

Unrealised gains on transactions between the Company and its associate are eliminated to the extent of the Company's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the assets transferred. Accounting policies of associate have been changed where necessary to ensure consistency with the policies adopted by the Company.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognized at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in the statement of comprehensive income.

Impairments

The carrying amounts of the Company's assets are reviewed annually at each date of statement of financial position to determine whether the assets have been impaired during the year. Where an asset has been impaired, the recoverable amount of the asset is determined. Where the carrying amount exceeds the recoverable amount, the asset is written down to its recoverable amount. The resultant impairment loss is recognised as an expense in the statement of comprehensive income.

Inventories

Inventories are stated at lower of cost and net realisable value. Cost of raw materials is based on weighted average cost basis and includes expenditure incurred in acquiring raw material and bringing them to their present location and condition. Cost of work in progress and finished goods is based on weighted average cost basis and includes cost of raw material and attributable production labour and overheads. Cost of consumables and spare parts are valued based on the weighted average cost basis. Net realisable value is based on the normal selling price, less cost expected to be incurred on disposal.

3. Significant accounting policies (*Continued*)

Financial assets

All financial assets are recognised and derecognised on trade date and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held to maturity investments, loans and receivables and available for sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

- Financial assets are classified as fair value through profit or loss when the financial asset is either a held for trading investment or it is designated as fair value through profit or loss. A financial asset is classified as held for trading if, it has been acquired principally for the purpose of selling it in the near term; or on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or it is a derivative that is not designated and effective as a hedging instrument.
- Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity.
- Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.
- Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Loans and receivables comprise of trade receivables, due from related parties and other receivables that have fixed or determinable payments and are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate.

Available for sale financial assets are listed shares and listed redeemable notes held by the Company that are traded in an active market and are stated at fair value. The Company also has investments in unlisted shares that are not traded in an active market but are also classified as available for sale financial assets and stated at fair value (because the directors consider that fair value can be reliably measured). Gains and losses arising from changes in fair value are recognised in statement of comprehensive income and accumulated in the fair valuation reserve. Impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in statement of comprehensive income. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to statement of comprehensive income.

Derivative financial instruments are categorized as held for trading unless they are designated as hedges. The Company has derivative instruments which do not qualify for hedge accounting. Changes in the fair value of such derivative financial instruments that do not qualify for hedge accounting are recognized immediately in the statement of comprehensive income.

3. Significant accounting policies (Continued)

A financial instrument is recognized if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset.

Employees' end of service gratuities

Provision is made for employees' end of service gratuities on the basis prescribed in the UAE Labour Law, for the accumulated period of service at the date of statement of financial position.

Effective 1 January 2003, the Government of Dubai has joined Federal Labour Law No.7 of 1999 for pension and social security. Under this law, employers at the option of the employee are required to contribute 15% of the 'contribution calculation salary' of those employees who are UAE national to the scheme. These employees are also required to contribute 5% of the 'contribution calculation salary' to the scheme. The UAE national's employed by the Company have not opted for this scheme and hence no expense is incurred by the Company on this scheme.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities. The Company's financial liabilities consist of trade and other payables and due to related parties. The trade and other payables and due to related parties are stated at cost. Other financial liabilities are initially measured at fair value, net of transaction costs. The subsequent measurement is at amortized cost using the effective interest method, with interest expense recognised on an effective yield basis.

Revenue recognition

Revenue from the sales of goods is recognised net of discounts, when the significant risks and rewards of ownership of the goods have passed to the buyer and the amount is measured reliably.

Dividend revenue from investments is recognised when the shareholder's right to receive payment has been established. Interest revenue is accrued on a time basis. Rental income from investment properties is recognised on a straight line basis over the term of the relevant lease.

Leasing

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity, whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

3. Significant accounting policies (Continued)

Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Profit or loss attributable to ordinary shareholders will be adjusted for any after tax amounts of preference dividends, differences arising on the settlement of preference shares, and other similar effects of preference shares classified as equity. Diluted EPS is calculated by dividing profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares. Potential ordinary shares be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations.

Foreign currencies

Transactions in foreign currencies during the year are converted into AED at rates of exchange ruling at the transaction dates. Monetary assets and liabilities in foreign currencies are translated to AED at the rates of exchange ruling at the date of statement of financial position. All gains and losses on exchange are taken to the statement of comprehensive income.

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash, bank balances and fixed deposits free of encumbrance with maturity periods of three months or less from the date of deposit.

4. Critical accounting judgements and key sources of estimation uncertainty

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

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the date of statement of financial position, 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.

Estimated useful life of property, plant and equipment

Property, plant and equipment is depreciated over its estimated useful life, which is based on estimates for expected usage of the asset and expected physical wear and tear which are dependent on operational factors. Management has not considered any residual value or any adjustments for the remaining estimated useful life based on the internal review carried out.

4. Critical accounting judgements and key sources of estimation uncertainty (Continued)

Impairment of property, plant and equipment

The Company reviews its property, plant and equipment to assess impairment, if there is an indication of impairment. In determining whether impairment losses should be recorded in the statement of comprehensive income, the Company makes judgement as to whether there is any observable data indicating that there is a reduction in the carrying value of property, plant and equipment. Accordingly, provision for impairment is made when there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the carrying value of property, plant and equipment.

Valuation of investment properties

The Company carries its investment properties under the cost model. Note 6 contain information about the valuation methodology adopted by the Company for the valuation of investment properties. Should the significant assumptions change, the fair value of investment properties could significantly impact the statement of comprehensive income and statement of financial position of the Company in the future.

Impairment losses on available for sale investments

The Company determines that available for sale investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgement. In making this judgement, the Company evaluates factors such as change in market rate of the equity instruments since the purchase date of such instrument, the market scenario and the financial performance of the issuer.

Obsolete Inventories

Inventories are stated at the lower of cost and net realisable value. Adjustments have been made to reduce the cost of inventory to its realisable value, if required, for estimated excess, obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, product pricing and quality issues. Based on the above factors, the Company has arrived at certain percentages for allowance for slow moving and obsolete inventories. Revisions to these adjustments would be required if these factors differ from the estimates.

Impairment losses on trade receivables

The Company reviews its receivables to assess impairment at least on an annual basis. The Company's credit risk is primarily attributable to its trade receivables and amounts due from related parties. In determining whether impairment losses should be recorded in the statement of comprehensive income, the Company makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

5. Property, plant and equipment

Movements in property, plant and equipment are given on page 30.

Buildings with a net book value of AED Nil (2008: AED 0.5 million) are situated on plots of land obtained under operating lease arrangements which are renewable annually. The Company's Directors are of the opinion that the leases are renewable and the land will be available to the Company ongoing basis in the foreseeable future.

5. Property, plant and equipment (Continued)

Capital work in progress represents two projects undertaken by the Company for the construction of Beta Mill and Slag Flash Dryer. The total cost of the project amounts to AED 10.453 million and AED 15.512 million respectively. The Company has made full payment towards the cost of both projects. At the reporting date, 50% of the work is estimated to have been completed. Therefore, 50% of the total cost of the project has been transferred from advances to capital work in progress.

6. Investment properties

Investment properties comprise of land and buildings held for rental purpose and for capital appreciation. Buildings mainly consist of villas constructed on those lands. The land and buildings held as investment properties are situated within United Arab Emirates.

Movement in investment properties is as follows:

	Land AED'000	Buildings AED'000	Total AED'000
Cost			
At January 1, 2008	2,924	16,575	19,499
At December 31, 2008	2,924	16,575	19,499
At December 31, 2009	2,924	16,575	19,499
Depreciation			
At January 1, 2008	-	16,575	16,575
At December 31, 2008	-	16,575	16,575
At December 31, 2009	-	16,575	16,575
Net book value			
At December 31, 2009	2,924	-	2,924
At December 31, 2008	2,924	-	2,924

The fair market value of investment properties, including land, is estimated to be in the range of AED 45 million to AED 50 million (2008: AED 45 million to 50 million) as per the internal valuation carried out by the management in the year 2008. The valuation was based on an assessment of the market prices for similar properties and on the basis of future rentals.

Land forming part of the investment properties is not depreciated

6. Investment properties (Continued)

Summary of income and expenses from investment properties generating rental income is as follows:

	2009 AED'000	2008 AED'000
Rental income	3,936	3,152
Direct operating expenses	358	226
	<u> </u>	<u> </u>

7. Investment in marketable securities

	2009 AED'000	2008 AED'000
Non current investments	1,412,157	2,132,175
Current investments	2,692	9,847
	<u> </u>	<u> </u>
	<u>1,414,849</u>	<u>2,142,022</u>

At the date of statement of financial position, the Company's non current investments represents available for sale investments in securities which are intended to be held for more than one year from the date of statement of financial position. The Company's current investments comprise investments in quoted marketable equity securities which are held as available for sale investments.

Movement in available for sale investments at fair value are as follows:

	2009 AED'000	2008 AED'000
Opening balance	2,142,022	2,183,926
Additions	305,812	473,262
Disposals/redeemed	(314,684)	(207,951)
Impairment loss recognised	-	(18,368)
Foreign exchange difference	-	(2,281)
Reclassification adjustments on disposal of investments	4,098	(80,363)
Fair value changes	(722,399)	(206,203)
	<u> </u>	<u> </u>
	<u>1,414,849</u>	<u>2,142,022</u>

7. Investment in marketable securities (Continued)

During the year, the Company has recognised a fair value loss of AED 745.99 million (2008: AED 220.54 million) adjusted by impairment loss, reclassified from equity to statement of comprehensive income amounting to AED 23.59 million (2008: AED 14.34 million), for investments not yet derecognised.

At the date of statement of financial position, investments amounting to AED 16 million (2008: AED 9 million) classified under non current investments are stated at cost. In the opinion of the management, the fair value of these investments is not significantly different from their carrying amounts.

At the date of statement of financial position, Investments in marketable securities amounting to AED 258 million (2008: AED 169 million) are held in the personal name of one of the Company's Director for the beneficial interest of the Company.

Investments amounting to AED 113 million (2008: AED 35 million) are held under lien against various un-drawn bank facilities.

Sensitivity analysis on market risk arising as a result of changes in the market price of investments and foreign currency risk arising as a result of fluctuation in the foreign exchange rates is explained in Note 28 on financial instruments.

Movements at cost in available for sale investments are as follows:

	2009 AED'000	2008 AED'000
Opening balance	876,592	631,930
Additions	305,812	473,262
Disposals	(314,684)	(207,951)
Impairment loss recognised	-	(18,368)
Foreign exchange difference	-	(2,281)
	<u>867,720</u>	<u>876,592</u>

Break up of loss on disposal of available for sale investment is as follows:

	2009 AED'000	2008 AED'000
Reclassification adjustments on disposal of investments	(4,098)	80,363
Realised gain on disposal attributable to difference between selling price and carrying amount of investments	2,505	13,511
	<u>(1,593)</u>	<u>93,874</u>

7. Investment in marketable securities (Continued)

The geographical distribution of available for sale investments is as follows:

	2009 AED'000	2008 AED'000
United Arab Emirates	1,108,042	1,879,021
Other GCC countries	165,165	89,434
Other countries	141,642	173,567
	<u>1,414,849</u>	<u>2,142,022</u>

8. Investment in associate

Investment in associate company represents 20% share in Berber Cement Company (Ltd), a limited liability company incorporated 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, 2009 based on the unaudited financial statements of the associate as at December 31, 2009.

The following table summarises the investment in Berber Cement Company (Ltd):

	2009 AED'000	2008 AED'000
Beginning balance	52,758	52,807
Share of loss in associate	(4,098)	(49)
	<u>48,660</u>	<u>52,758</u>

The following table summarises the financial information of the Company's investment in Berber Cement Company (Ltd):

	2009 AED'000	2008 AED'000
Share of associate's balance sheet (20%)		
Current assets	15,673	55,251
Non current assets	133,060	95,355
Current liabilities	(15,378)	(3,746)
Non current liabilities	(84,695)	(94,102)
Net assets	<u>48,660</u>	<u>52,758</u>

8. Investment in associate (Continued)

	2009 AED'000	2008 AED'000
Share of associate's revenue and loss (20%)		
Revenue	185	1,873
Net loss	(4,098)	(49)

9. Long term receivable

Long term receivable represents advance provided to an employee of the Company for various investments to be made on behalf of the Company in the previous year.

10. Inventories

	2009 AED'000	2008 AED'000
Raw materials	24,198	22,680
Work in progress	21,632	33,418
Finished goods	3,646	4,646
Consumables and spare parts	25,824	27,562
Provision for obsolescence	(7,122)	(7,122)
	<u>68,178</u>	<u>81,184</u>

Inventories are stated net of allowance for slow moving and obsolete items.

11. Trade and other receivables

	2009 AED'000	2008 AED'000
Trade receivables	107,471	144,979
Allowance for doubtful debts	(6,000)	-
	<u>101,471</u>	<u>144,979</u>
Advances	21,000	2,318
Prepayments and other receivables	1,904	3,029
	<u>124,375</u>	<u>150,326</u>

11. Trade and other receivables (Continued)

The credit period offered by the Company differs for each customer. Ranges of credit period offered for its customers are 0 days, 30 days, 45 days, 60 days, 75 days, 90 days or 120 days from the date of invoice. No interest is charged on trade receivables which are past due.

The Company has obtained bank guarantees for some of its customers which act as a collateral security for the amount receivable from those customers and post dated cheques are obtained for the balance amount receivable in excess of the bank guarantee. The amount of trade receivables that is secured against bank guarantees amounts to AED 81 million (2008: AED 124 million) and the fair value of collateral security is determined at AED 128 million (2008: AED 148 million). Trade receivables which are not secured against bank guarantee amounts to AED 26 million (2008: AED 21 million).

There are 10 customers who represent 75% of the total balance of trade receivables. AED 46 million of the trade receivables is neither past due nor impaired. The Company has provided for AED 6 million for receivables amounting to AED 61 million which are past due at the reporting date based on its past experience.

Ageing of trade receivables is as under:

	2009 AED'000	2008 AED'000
Not past due	46,110	91,926
Past due from 1-30 days	18,955	30,489
Past due from 31-60 days	16,540	19,492
Past due from 61-90 days	9,488	1,231
Past due from 91-120 days	11,597	79
Past due from 121 days	4,781	1,762
	<u>107,471</u>	<u>144,979</u>

The Company's exposure to credit risk and impairment losses related to loans and receivables is disclosed in Note 28 on financial instruments.

12. Related party disclosures

The Company has, 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 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.

Notes to the financial statements for the year ended December 31, 2009 (Continued)

12. Related party disclosures (Continued)

The significant related party transactions during the year are as follows:

	2009 AED'000	2008 AED'000
With Affiliates:		
- sale of cement	58,032	94,692
- purchase of materials and services	13,821	18,017
With Directors:		
- Advance paid to a Director	4,000	-
With Key Management Personnel:		
- Salaries and other short term benefits	3,417	3,241
- End of service benefits charged to income statement	189	91
- End of service benefits provided at the period end	5,338	5,149
- Directors' fee (as an appropriation from retained earnings)	1,750	1,750

Related party balances are as under:

	2009 AED'000	2008 AED'000
Payable:		
- To Associate	-	40,871
- To Affiliates	7,098	4,183
	<u>7,098</u>	<u>45,054</u>
Receivable:		
- From Associate	28,742	-
- From Affiliates	33,644	43,169
- From Director	12,890	8,522
	<u>75,276</u>	<u>51,691</u>

13. Bank balances and cash

	2009 AED'000	2008 AED'000
Cash at hand	627	528
Current accounts with banks	64,668	75,934
Fixed deposit maturing within 3 months	39,766	52,540
	<u>105,061</u>	<u>129,002</u>

14. Trade and other payables

	2009 AED'000	2008 AED'000
Trade payables	24,603	23,822
Derivative financial instruments	109,489	90,283
Other accruals and payables	17,053	27,701
Advances	238	412
Directors' fees	1,750	1,750
Dividend payable	4,726	508
	<u>157,859</u>	<u>144,476</u>

The Company has financial risk management policies in place to ensure that payables are paid within the credit time frame.

Please refer to note 28 for further information on derivative financial instruments.

15. Provision for employees' end of service gratuities

	2009 AED'000	2008 AED'000
Opening balance	28,185	21,992
Provision created for the year	1,621	8,544
Payments made during the year	(1,839)	(2,351)
Closing balance	<u>27,967</u>	<u>28,185</u>

16. Share capital

	2009 AED'000	2008 AED'000
Issued and fully paid up: 358,800,800 shares of AED 1 each	<u>358,800</u>	<u>358,800</u>
Issued for cash 92,000,000 sharees of AED 1 each	92,000	92,000
Bonus shares issued by capitalising retained earnings 266,800,000 shares of AED 1 each	<u>266,800</u>	<u>266,800</u>

At the date of statement of financial position, the share capital comprised of ordinary equity shares. All issued shares are fully paid. The holders of ordinary equity shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

17. 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. There is no movement in the reserve account during the year.

18. Fair value reserve

This reserve represents the cumulative changes in fair value of investments in marketable securities. Movement in investment fluctuation reserve is as follows:

	2009 AED'000	2008 AED'000
Opening balance	1,289,027	1,566,340
Net movement in changes in fair value	(722,399)	(206,203)
Reclassification adjustments on disposal of investments	4,098	(80,363)
Impairment loss	-	9,253
	<u>570,726</u>	<u>1,289,027</u>

19. 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.

20. Statutory reserve

In accordance with Article 57.1 of the Memorandum of Association of the Company and the UAE Commercial Companies 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. During the year an amount of AED 13.37 million (2008: AED 19.39 million) was transferred from the current profits.

21. Dividend

For 2009, a cash dividend of AED 161.46 million has been proposed by the Board of Directors of the Company. The proposed dividend will be submitted for formal approval and declaration at the Annual General Meeting. In 2008, a dividend of AED 161.46 million was proposed and approved by the shareholders was paid out by way of cash dividend.

Notes to the financial statements for the year ended December 31, 2009 (Continued)

22. Cost of sales

	2009 AED'000	2008 AED'000
Material expenses	216,042	344,957
Utilities and other factory costs	56,158	58,224
Staff costs	23,299	22,481
Depreciation	13,564	13,571
	<u>309,063</u>	<u>439,233</u>

23. Other income

	2009 AED'000	2008 AED'000
Rental income from investment properties	3,936	3,152
Other rental income	9,305	9,073
Income from sale of by product and scraps	3,018	2,725
Gain on sale of property, plant and equipment	78	291
Other income	773	577
	<u>17,110</u>	<u>15,818</u>

24. Administration, selling and general expenses

	2009 AED'000	2008 AED'000
Staff salaries and benefits	15,453	26,215
Staff accommodation	2,409	2,274
License fees	164	164
Insurance	724	674
Communications	200	153
Repair and maintenance	7,078	10,706
Travelling and conveyance expenses	334	259
Legal and professional	229	284
Electricity and water	353	41
Depreciation	3,669	5,659
Bank charges	1,221	2,895
Other	559	697
	<u>32,393</u>	<u>50,021</u>

25. Financial income/(expense) net	2009 AED'000	2008 AED'000
Interest income:		
- interest swap contracts	19,061	18,239
- bank deposits	644	2,692
- investments	23,743	10,452
Net revaluation gain (unrealised) on :		
- interest rate swap contracts	30,427	3,364
Net gain on unwinding of:		
- interest rate swap contracts	-	26,558
- commodity derivative contracts	-	22,994
Gain on disposal on available for sale investments:		
- transferred from equity (unrealised)	-	80,363
- realised gain	2,505	13,511
Dividend income	15,225	10,583
Financial income	91,605	188,756
Net revaluation loss (unrealised) on:		
- interest rate swap contracts	18,478	30,061
- commodity derivative contracts	13,284	19,122
Net loss on unwinding of:		
- interest rate swap contracts	17,872	-
Loss on disposal of available for sale investments:		
- transferred from equity (reclassification adjustments)	4,098	-
- realised gain	-	-
Impairment loss on marketable securities	-	18,368
Impairment provision for available for sale investments	-	9,253
Loss of foreign exchange difference	-	2,059
Financial expense	53,732	78,863
Financial income recognised in the statement of comprehensive income	37,873	109,893
26. Earnings per share		
	2009 AED'000	2008 AED'000
Net profit attributable to shareholders	133,738	193,980
Weighted average number of shares	358,800	358,800
Earnings per share	0.37	0.54

27. 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. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The details of segment revenue, segment result, segment assets and segment liabilities have been provided on page 31.

28. Financial instruments - risk management

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 shareholders.

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

As a risk management policy, the Company reviews its cost of capital and risks associated with capital. The Company balances its capital structure based on the above review.

Market risk management

The Company is primarily exposed to the market risks which comprise of changes in foreign currency exchange rates (currency risk), interest rates (interest rate risk) and market prices (other price risk).

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices whether those changes are caused by factors specific to the individual financial instrument or the Company, or factors affecting all similar financial instruments traded in the market.

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. However, the Company is exposed to foreign currency risk on certain available for sale investments represented in GBP. At the date of statement of financial position, available for sale investment comprised of investment amounting to AED 5.8 million (2008: AED 5.3 million) represented in GBP. A strengthening of the AED against the GBP by 10 percent at the date of statement of financial position would have reduced the profit by AED 0.58 million (2008: AED 0.53 million). A weakening of the AED against the GBP by 10 percent at the date of statement of financial position would have increased the profit by a similar amount.

28. Financial instruments - risk management (*Continued*)

Interest rate risk management

The Company is exposed to interest rate risk on cash at bank (including time deposits), available for sale investments and interest rate swap contracts.

If the interest rates on cash at bank have had been 50 base points higher or lower and all other variables were held constant, the Company's profits would have increased or decreased by AED 0.644 million (2008: AED 1.35 million).

If the interest rates on available for sale investments have had been 50 base points higher or lower and all other variables were held constant, the Company's profits would have increased or decreased by AED 1.187 million (2008: AED 0.522 million).

If the interest rates on interest rate swap contracts have had been 50 base points higher or lower and all other variables were held constant, the Company's profits would have increased or decreased by AED 0.953 million (2008: AED 0.912 million).

Other price risk management

The Company is exposed to other price risks in market on its equity investments. Investments in equity instruments are generally held for long term and are not traded actively.

If equity prices in market had been 10% higher/lower:

- Available for sale investment valuation reserve would increase/decrease by AED 71.42 million (2008: AED 20.63 million).
- The profit would be unaffected as equity investments are classified as available for sale.

There is a significant change in Company's sensitivity to market prices from previous year.

Credit risk management

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

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 Company's bank accounts are placed with high credit quality financial institutions. The credit risk on trade and other receivables and due from related parties is subjected to credit evaluations and an allowance has been made for estimated irrecoverable amounts. The Company has obtained collateral security for 75% of its trade receivables and for trade receivables from customers for which there are no collaterals, the management is of the view that the outstanding balances are fully recoverable. The management believes the outstanding balance of other receivables and due from related parties are good and fully recoverable and therefore, therefore there is no requirement to provide for them. The Company limits its exposure to investments by investing in securities where counterparties have credible market reputation. The Company's management does not expect any counterparty to fail. There are 10 customers who represent 75% of the total balance of trade receivables.

28. Financial instruments - risk management (Continued)**Liquidity risk management**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company has built an appropriate liquidity risk management framework for the management of its short, medium and long term funding and liquidity requirements. The Company manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cashflows.

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 December 31, 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 changes in the interest rate swap and commodity swap contracts are shown as under:

	2009 AED'000	2008 AED'000
Interest rate swap - positive value	-	18,269
Interest rate swap - negative value	(33,895)	(46,241)
Commodity derivative - negative value	(75,594)	(62,311)
	<u>(109,489)</u>	<u>(90,283)</u>

Financial instruments by category

The carrying amounts for each class of financial instruments are listed below:

	2009 AED'000	2008 AED'000
Financial assets		
Available for sale investments	1,414,849	2,142,022
Loans and receivables:		
- Trade and other receivables	143,357	150,326
- Due from related parties	75,276	51,691
Cash and bank balances	105,061	129,002
	<u>1,738,533</u>	<u>2,473,041</u>
Financial liabilities		
Other financial liabilities		
- Trade and other payables	163,859	144,476
- Due to related parties	7,098	45,054
	<u>170,957</u>	<u>189,530</u>

29. Contingent liabilities and capital commitments

	2009 AED'000	2008 AED'000
Letters of guarantee	3,074	1,919
Letters of credit	-	5,259

Capital commitments at the date of statement of financial position amounts to AED Nil (2008: AED 15 million).

30. Director's fees

This represents fees paid/payable to the Company's directors for serving on any committee, for devoting special time and attention to the business or affairs of the Company and for otherwise performing services outside the scope of their ordinary activities. In accordance with the interpretation of Article 118 of the UAE Commercial Companies Law No. 8 of 1984 as amended by the Ministry of Economy and Commerce, director's fees have been treated as an appropriation of retained earnings.

31. Operating leases**Company as lessee**

The Company has obtained on lease 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.

Company as lessor

The Company has leased out 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.

32. Comparative figures

Previous year's figures which were not material have been regrouped or reclassified wherever necessary to make them comparable to those of the current year.

National Cement Company (Public Shareholding Co.), Dubai

Notes to the financial statements for the year ended December 31, 2009 (Continued)

Schedule of property, plant and equipment

	Buildings	Plant and machinery	Furniture, fixtures and equipment	Motor vehicles	Capital work in progress	Total
	AED'000	AED'000	AED'000	AED'000	AED'000	AED'000
Cost						
At January 1, 2008	29,879	847,064	11,671	46,582	-	935,196
Additions	565	405	130	6,217	-	7,317
Disposals	-	-	-	(1,356)	-	(1,356)
At December 31, 2008	30,444	847,469	11,801	51,443	-	941,157
Additions	221	821	52	2,226	12,982	16,302
Disposals	(57)	-	-	(334)	-	(391)
At December 31, 2009	30,608	848,290	11,853	53,335	12,982	957,068
Depreciation						
At January 1, 2008	24,509	658,391	9,793	39,099	-	731,792
Charge for the year	2,230	11,384	1,010	4,606	-	19,230
On disposals	-	-	-	(940)	-	(940)
At December 31, 2008	26,739	669,775	10,803	42,765	-	750,082
Charge for the year	864	11,153	323	4,893	-	17,233
On disposals	(8)	-	-	(334)	-	(342)
At December 31, 2009	27,595	680,928	11,126	47,324	-	766,973
Net book value						
At December 31, 2009	3,013	167,362	727	6,011	12,982	190,095
At December 31, 2008	3,705	177,694	998	8,678	-	191,075

Depreciation for the year is allocated as under:

	2009 AED'000	2008 AED'000
Cost of sales	13,564	13,571
Expenses	3,669	5,659
	17,233	19,230

National Cement Company (Public Shareholding Co.), Dubai

Notes to the financial statements for the year ended December 31, 2009 (Continued)

Segment report as on December 31, 2009

	2009			2008		
	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	424,309	91,605	515,914	557,572	188,756	746,328
Segment result	115,246	37,873	153,119	118,339	110,268	228,607
Other income	-	-	17,110	-	-	15,818
Unallocated expenses	-	-	(32,393)	-	-	(50,021)
Financial income/expense (net)	-	-	-	-	-	(375)
Results from operating activities	-	-	137,836	-	-	194,029
Share in net loss in equity accounted investee	-	-	(4,098)	-	-	(49)
	-	-	133,738	-	-	193,980
Segment assets	565,909	1,414,849	1,980,758	607,202	2,142,022	2,749,224
Investment in equity accounted investee	48,660	-	48,660	52,758	-	52,758
Total assets	614,569	1,414,849	2,029,418	659,960	2,142,022	2,801,982
Segment liabilities	1,919,929	109,489	2,029,418	2,711,699	90,283	2,801,982
Capital expenditure	16,302	305,812	322,114	7,317	473,262	480,579
Depreciation	17,233	-	17,233	19,230	-	19,230