

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

Interim condensed financial statements

Period ended March 31, 2012



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

We have reviewed the accompanying interim condensed statement of financial position of National Cement Company (Public Shareholding Co.) ("the Company") as of March 31, 2012, and the related interim condensed statements of comprehensive income, changes in equity and cash flows for the three months period then ended ("the interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with International Accounting Standard 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, no matter has come to our attention that causes us to believe that the accompanying interim financial information as of March 31, 2012 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

BDO CHARTERED ACCOUNTANTS & ADVISORS
Dubai
Yunus Yusuf Saiffee
Reg. No. 418

May 13, 2012

National Cement Company (Public Shareholding Co.), Dubai

Interim condensed statement of financial position at March 31, 2012

		Unaudited March 31 2012 AED'000	Audited December 31, 2011 AED'000	Unaudited March 31 2011 AED'000
	Note			
Non current assets				
Property, plant and equipment	4	204,347	183,394	190,045
Investment properties	5	2,924	2,924	2,924
Investment in marketable securities	6	1,455,245	1,426,801	1,312,288
Investment in an associate	7	78,723	78,723	73,974
Total non current assets		1,741,239	1,691,842	1,579,231
Current assets				
Investment in marketable securities	6	995	811	1,417
Inventories	8	53,969	57,645	57,624
Trade and other receivables	9	152,125	161,454	161,774
Due from related parties	10	123,704	149,509	113,007
Bank balances and cash	11	54,738	21,125	6,809
Total current assets		385,531	390,544	340,631
Current liabilities				
Due to related parties	10	5,307	4,142	3,570
Bank loans and overdrafts	12	139,489	139,489	91,208
Trade and other payables	13	108,923	41,716	142,498
Total current liabilities		253,719	185,347	237,276
Net current assets		131,812	205,197	103,355
Non current liabilities				
Provision for employees' end of service gratuities		(25,241)	(25,228)	(26,481)
Net assets		1,847,810	1,871,811	1,656,105
Equity				
Share capital	14	358,800	358,800	358,800
Share application money payable		26	26	26
Development and investment reserve		-	-	300,000
Fair value reserve	15	746,809	714,665	547,339
General reserve	16	316,517	316,517	69,000
Statutory reserve	17	179,402	179,402	126,919
Retained earnings		246,256	302,401	254,021
Total equity		1,847,810	1,871,811	1,656,105

These interim condensed financial statements were approved and authorised for issue by the Board of Directors on May 13, 2012 and were signed on their behalf by:

Director

Director

National Cement Company (Public Shareholding Co.), Dubai

Interim condensed statement of comprehensive income for the period ended March 31, 2012

	Note	Unaudited Three months period ended March 31, 2012 AED'000	Unaudited Three months period ended March 31, 2011 AED'000
Revenue		48,680	56,712
Cost of sales	19	(46,844)	(62,748)
Gross profit/ (loss)		1,836	(6,036)
Other income	20	2,995	2,953
		4,831	(3,083)
Administration, selling and general expenses	21	(8,909)	(9,329)
Finance cost	22	(1,901)	-
Loss before financial income and expense		(5,979)	(12,412)
Financial income	23	21,594	27,589
Net profit for the period		15,615	15,177
Net movement in fair value of available for sale investments		29,889	(633)
Total comprehensive income for the period		45,504	14,544
Basic and diluted earnings per share (AED)	24	0.04	0.04

Interim condensed statement of changes in equity for the period ended March 31, 2012

	Share capital AED'000	Share application money payable AED'000	Development & investment reserve AED'000	Fair value reserve AED'000	General reserve AED'000	Statutory reserve AED'000	Retained earnings AED'000	Total equity AED'000
Balance at January 1, 2011	358,800	26	300,000	603,705	69,000	126,919	311,237	1,769,687
Net movement in changes in fair value statement of comprehensive income	-	-	-	(56,999)	-	-	-	(56,999)
Transfer on derecognition of investments to statement of comprehensive income	-	-	-	633	-	-	(633)	-
Total comprehensive income for the period	-	-	-	-	-	-	15,177	15,177
Transfer to general reserve	-	-	-	-	-	-	-	-
Transfer to statutory reserve	-	-	-	-	-	-	-	-
Dividend paid during the period	-	-	-	-	-	-	(71,760)	(71,760)
Balance at March 31, 2011	358,800	26	300,000	547,339	69,000	126,919	254,021	1,656,105
Balance at January 1, 2012	358,800	26	-	714,665	316,517	179,402	302,401	1,871,811
Net movements in changes in fair value	-	-	-	-	-	-	-	-
Transfer on derecognition of investments to statement of comprehensive income	-	-	-	2,255	-	-	-	2,255
Total comprehensive income for the period	-	-	-	29,889	-	-	15,615	45,504
Dividend paid during the period	-	-	-	-	-	-	(71,760)	(71,760)
Balance at March 31, 2012	358,800	26	-	746,809	316,517	179,402	246,256	1,847,810

Interim condensed statement of cash flow for the period ended March 31, 2011

		Three months period ended March 31, 2012 AED'000	Three months period ended March 31, 2011 AED'000
	Note		
Cash flows from operating activities			
Net profit for the period		15,615	15,177
Adjustments for:			
Depreciation	4	3,312	3,581
Gain on disposal of property, plant and equipment	4	(446)	(109)
Provision for employees' end of service gratuities		270	265
Financial income and expense (net)	23	(21,066)	(20,712)
Operating profit before working capital changes		(2,315)	(1,798)
Change in inventories	8	3,676	26,310
Change in trade and other receivables	9	9,329	(57,246)
Change in due from related parties	10	25,806	(63,726)
Change in trade and other payables	13	67,207	40,773
Change in due to related parties	10	1,165	1,160
Payment of end of service benefits		(257)	(606)
<i>Net cash generated from/ (used in) operating activities</i>		104,611	(55,133)
Cash flows from investing activities			
Purchase of property, plant and equipment	4	(24,266)	(626)
Investment in marketable securities	6	(107,090)	(25,883)
Proceeds from disposal of property, plant and equipment	4	446	109
Proceeds from disposal of investment in marketable securities		109,858	58,833
Dividend income		15,101	11,817
Interest income		6,713	8,865
<i>Net cash from investing activities</i>		762	53,115
Cash flows from financing activities			
Dividend paid during the period	18	(71,760)	(71,760)
<i>Net cash (used in) financing activities</i>		(71,760)	(71,760)
Net increase/ (decrease) in cash and cash equivalents		33,613	(73,778)
Cash and cash equivalents at beginning of the period		21,125	(10,621)
Cash and cash equivalents at end of the period	25	54,738	(84,399)

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, 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 is listed on the Dubai Financial Market since 2005.

The interim condensed financial statements for the three months period ended March 31, 2012 were authorized for issue by the Board of Directors on May 13, 2012.

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 (International Accounting Standard 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, 2011.

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, 2011.

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

4. Property, plant and equipment

During the three month period ended March 31, 2012 additions to the property, plant and equipment amounted to approximately AED 24.3 million and assets with a cost of AED 1.7 million were sold during the period. Depreciation charge for the period amounts to AED 3.3 million.

5. Investment properties

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

The fair market value of investment properties, including land, is in the range of AED 45 million to AED 50 million (March 31, 2011: AED 45 million to 50 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 March 31, 2012 AED'000	Audited December 31, 2011 AED'000	Unaudited March 31, 2011 AED'000
Non current investments	1,455,245	1,426,801	1,312,288
Current investments	995	811	1,417
	<u>1,456,240</u>	<u>1,427,612</u>	<u>1,313,705</u>

- a. At March 31, 2012, investments include AED 46.08 million (December 31, 2011: AED 46.24 million) which are stated at cost. In the opinion of the management, the fair value of these investments is not materially different from their carrying amounts.
- b. At March 31, 2012, investments in marketable securities amounting to AED 399.8 million (December 31, 2011: AED 324.21 million) are held in the personal name of one of the Company's Director for the beneficial interest of the Company.
- c. Investments amounting to AED 202 million (December 31, 2011: AED 237.58 million) are held under lien against various un-drawn bank facilities.

7. Investment in an associate

Investment in an associate company represents 22.74% 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, 2011 based on the unaudited financial statements of the associate as at December 31, 2011.

8. Inventories

	Unaudited March 31, 2012 AED'000	Audited December 31, 2011 AED'000	Unaudited March 31, 2011 AED'000
Raw materials	31,653	34,660	14,749
Work in progress	1,812	1,574	21,887
Finished goods	2,627	2,211	3,532
Consumable and spare parts	24,999	26,322	25,039
Provision for obsolescence	(7,122)	(7,122)	(7,583)
	<u>53,969</u>	<u>57,645</u>	<u>57,624</u>

9. Trade and other receivables

	Unaudited March 31, 2012 AED'000	Audited December 31, 2011 AED'000	Unaudited March 31, 2011 AED'000
Trade receivables	91,759	92,561	102,253
Allowance for doubtful debts	<u>(6,000)</u>	<u>(6,000)</u>	<u>(6,000)</u>
	85,759	86,561	96,253
Advances	14,251	22,787	13,670
Advance towards investment	51,824	51,824	51,823
Prepayments and other receivables	291	282	28
	<u>152,125</u>	<u>161,454</u>	<u>161,774</u>

10. Related party disclosures

The Company, in the ordinary course of its business, enters into trading and financing transactions with concerns which fall within the definition of "related party" as contained in International Accounting Standard 24. The 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.

10. Related party disclosures (*Continued*)

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

	Unaudited March 31, 2012 AED'000	Audited December 31, 2011 AED'000	Unaudited March 31, 2011 AED'000
With Other related parties:			
- Sale of cement	3,740	17,015	6,992
- Purchase of materials and services	4,866	9,835	4,335
With Key Management Personnel:			
- Salaries and other short term benefits	854	3,417	807
- End of service benefits charged	47	189	47
- End of service benefits at period end	5,765	5,544	5,575
- Directors' fee	-	1,500	-

Related party balances are as under:

	Unaudited March 31, 2012 AED'000	Audited December 31, 2011 AED'000	Unaudited March 31, 2011 AED'000
Payables:			
- To other related parties	5,307	4,142	3,570
Receivables:			
- From Associate	97,279	112,318	67,609
- From other related parties	20,407	27,375	34,974
- From Director	6,018	9,815	10,424