

RAS AL KHAIMAH CEMENT COMPANY – P.S.C.
RAS AL KHAIMAH
UNITED ARAB EMIRATES

INTERIM CONDENSED FINANCIAL
STATEMENTS AND INDEPENDENT
AUDITOR'S REPORT ON REVIEW OF
INTERIM CONDENSED FINANCIAL
STATEMENTS FOR THE NINE MONTH
PERIOD ENDED 30 SEPTEMBER 2007

RAS AL KHAIMAH CEMENT COMPANY –P.S.C.
RAS AL KHAIMAH
UNITED ARAB EMIRATES

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Independent Auditor's Report on Review of Interim Condensed Financial Statements

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**Messrs Ras Al-Khaimah Cement Company – P.S.C.
Ras AL-Khaimah
United Arab Emirates.**

We have reviewed the accompanying interim condensed balance sheet of **Ras Al Khaimah Cement Company** (a public shareholding company) – Ras Al Khaimah as of 30 September 2007 and the related interim condensed statements of income, changes in shareholders' equity and cash flows for the nine-month period then ended (the interim financial information). Management is responsible for the preparation and fair presentation of this interim condensed financial information in accordance with International Accounting Standard No. 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial information Performed by the Independent Auditor of the Company." 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.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information does not give a true and fair view of the financial position of the Company as at 30 September 2007, and of its financial performance and its cash flows for the nine-month period then ended in accordance with International Accounting Standard No. 34, "Interim Financial Reporting".

**TALAL ABU-GHAZALEH & CO. INTERNATIONAL
TALAT FARES ZABEN
LICENSED AUDITOR NO. 68**

Ras Al-Khaimah,
17 October 2007

RAS AL KHAIMAH CEMENT COMPANY – P.S.C.
RAS AL KHAIMAH
UNITED ARAB EMIRATES

INTERIM CONDENSED BALANCE SHEET
AS AT 30 SEPTEMBER 2007 (Unaudited)

EXHIBIT A

<u>ASSETS</u>	<u>Note</u>	<u>30 September</u> <u>2007</u> <u>(Unaudited)</u> <u>AED</u>	<u>31 December</u> <u>2006</u> <u>(Audited)</u> <u>AED</u>
<u>Non-Current Assets:</u>			
Property, plant and equipment	3	471,021,313	469,510,472
Capital spare parts		6,784,183	7,165,834
Available-for-sale investments	4	30,806,211	30,813,878
Total Non-Current Assets		<u>508,611,707</u>	<u>507,490,184</u>
<u>Current Assets:</u>			
Inventories		45,773,561	34,253,253
Trade and other receivables		115,305,300	124,157,778
Cash and banks	5	99,549,038	108,019,780
Total Current Assets		<u>260,627,899</u>	<u>266,430,811</u>
TOTAL ASSETS		<u>769,239,606</u>	<u>773,920,995</u>
<u>SHAREHOLDERS' EQUITY AND LIABILITIES</u>			
<u>Capital And Reserves:</u>			
Share capital		484,000,000	484,000,000
Reserves		83,911,330	83,911,330
Cumulative changes in fair value of investment in shares		(73,960)	(66,293)
Retained earnings		147,105,006	174,309,810
Net Shareholders' Equity – Exhibit C		<u>714,942,376</u>	<u>742,154,847</u>
<u>Non-Current Liabilities:</u>			
End of service benefits obligation		<u>2,061,249</u>	<u>2,012,682</u>
<u>Current Liabilities:</u>			
Trade and other payables		38,880,434	29,753,466
Short-term borrowings		13,355,547	--
Total Current Liabilities		<u>52,235,981</u>	<u>29,753,466</u>
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		<u>769,239,606</u>	<u>773,920,995</u>

***THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF
THESE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)***

These interim condensed financial statements have been approved
for issue on 17 October 2007 by:

CHAIRMAN

GENERAL MANAGER

RAS AL KHAIMAH CEMENT COMPANY – P.S.C.

RAS AL KHAIMAH
UNITED ARAB EMIRATES

INTERIM CONDENSED STATEMENT OF INCOME
FOR THE PERIOD ENDED 30 SEPTEMBER 2007 (Unaudited)

EXHIBIT B

	<u>For Nine Months Ended</u>		<u>For Three Months Ended</u>	
	<u>30 Sept.</u>	<u>30 Sept.</u>	<u>30 Sept.</u>	<u>30 Sept.</u>
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
	<u>AED</u>	<u>AED</u>	<u>AED</u>	<u>AED</u>
Sales	250,382,692	246,629,398	84,907,745	78,991,648
Cost of sales	(197,343,273)	(135,831,903)	(78,348,616)	(42,516,485)
Gross profit	53,039,419	110,797,495	6,559,129	36,475,163
Other income	4,236,400	1,967,460	1,328,179	916,146
Marketing expenses	(1,337,799)	(722,369)	(200,987)	(253,140)
Administrative expenses	(9,042,679)	(8,510,760)	(2,992,312)	(2,729,854)
Finance costs	(200,145)	(111,910)	(38,319)	(26,494)
Profit for the period				
– Exhibit C	46,695,196	103,419,916	4,655,690	34,381,821
Basic earnings per share	0.096	0.214	0.010	0.071

***THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF
THESE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)***

RAS AL KHAIMAH CEMENT COMPANY – P.S.C.
RAS AL KHAIMAH
UNITED ARAB EMIRATES

INTERIM CONDENSED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2007 (Unaudited)

EXHIBIT D

	<u>30 Sept.</u> <u>2007</u> <u>(Unaudited)</u> <u>AED</u>	<u>30 Sept.</u> <u>2006</u> <u>(Unaudited)</u> <u>AED</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Profit for the period – Exhibit B	46,695,196	103,419,916
Adjustments for:		
Depreciation	16,056,909	15,919,312
Provision for capital spare parts	381,651	204,700
End of service benefits	414,660	234,998
Interest income	(3,827,640)	(1,761,569)
Dividend income	(12,779)	--
Profit on sale of property and equipment	(119,147)	(48,416)
Finance costs	<u>200,145</u>	<u>111,910</u>
Profit before working capital changes	59,788,995	118,080,851
Change in current assets – (Increase)	(2,718,647)	(8,686,957)
Change in current liabilities – Increase/(Decrease)	8,760,875	(11,012,364)
<i>Net cash from operating activities</i>	<u><u>65,831,223</u></u>	<u><u>98,381,530</u></u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchase of property and equipment	(17,584,883)	(4,267,497)
Proceeds from disposal of property & equipment	136,280	429,106
Investment in shares	--	(25,830,171)
Interest income	3,878,457	1,459,619
Dividend income	12,779	--
Investment in fixed deposits	(25,000,000)	--
<i>Net cash (used in) investing activities</i>	<u><u>(38,557,367)</u></u>	<u><u>(28,208,943)</u></u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Dividend paid to shareholders	(72,600,000)	(900,000)
Board of directors' remuneration paid	(1,300,000)	3,098,769
Proceeds from short-term borrowings	13,355,547	--
Finance costs paid	(200,145)	(111,910)
<i>Net cash (used in)/ provided by financing activities</i>	<u><u>(60,744,598)</u></u>	<u><u>2,086,859</u></u>
<i>Net (Decrease)/Increase in cash and cash equivalents</i>	<u><u>(33,470,742)</u></u>	<u><u>72,259,446</u></u>
Cash and cash equivalents at beginning of the period	108,019,780	18,068,910
<u>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD – Note 5</u>	<u><u>74,549,038</u></u>	<u><u>90,328,356</u></u>

THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF THESE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)

RAS AL KHAIMAH CEMENT COMPANY – P.S.C.
RAS AL KHAIMAH
UNITED ARAB EMIRATES

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2007 (Unaudited)

1. LEGAL STATUS AND PRINCIPAL ACTIVITIES:

Ras Al Khaimah Cement Company – P.S.C. (“the Company”) is a public shareholding company was incorporated in Ras Al Khaimah by Amiri Decree number 4 dated 27th May 1995 issued by **H.H. Sheikh Saqr Bin Mohammad Al Qassimi, The Ruler of the Emirate of Ras Al Khaimah**. The Company was duly registered according to the law with the official competent authorities and Ministry of Economy and Commerce. The ministerial decision number 7 concerning approval of the Company’s incorporation was issued on 11th February 1996. The Company is listed in Abu Dhabi Securities Market.

The principal activity of the Company is producing and marketing portland cement. The Company has started its commercial production on 1st April 2000.

2. BASIS OF PREPARATION OF INTERIM CONDENSED FINANCIAL STATEMENTS:

The interim condensed financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") IAS 34 *Interim Financial Reporting*. They do not include all the information required for full annual financial statements, and should be read in conjunction with the financial statements of the Company as at and for the year ended 31 December 2006.

In preparing these interim condensed financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements as at and for the year ended 31 December 2006. In addition, results for the nine months ended 30 September 2007 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2007.

4. AVAILABLE-FOR-SALE INVESTMENTS:

a) The movement over these investments are as follows:

	<u>30 September</u> <u>2007</u> <u>(Unaudited)</u> <u>AED</u>	<u>31 December</u> <u>2006</u> <u>(Audited)</u> <u>AED</u>
At 1 January	30,813,878	5,050,000
Additions	--	25,830,171
Difference resulting from re-measurement of investment in shares – Exhibit C	(7,667)	(66,293)
Net - Exhibit A	<u>30,806,211</u>	<u>30,813,878</u>

b) The above investments are classified as follows:

	<u>30 September</u> <u>2007</u> <u>(Unaudited)</u> <u>AED</u>	<u>31 December</u> <u>2006</u> <u>(Audited)</u> <u>AED</u>
Unquoted investments	30,550,000	30,550,000
Quoted investment	<u>256,211</u>	<u>263,878</u>
Total	<u>30,806,211</u>	<u>30,813,878</u>

c) Unquoted available-for-sale investments amounting to AED 30,550,000 are carried at cost due to the unpredictable nature of future cash flows and the lack of other suitable method for arriving at a reliable fair value.

5. CASH AND BANKS:

This item comprises of the following:

	<u>30 September</u> <u>2007</u> <u>(Unaudited)</u> <u>AED</u>	<u>31 December</u> <u>2006</u> <u>(Audited)</u> <u>AED</u>
Petty cash account	21,000	21,000
Cash on hand	96,305	11,085
Current account with bank	5,083	406,465
Call deposit with bank	10,000,000	20,000,000
Fixed deposit with maturity of three months or less	65,000,000	90,000,000
Overdrawn book balance of current account with bank	(573,350)	(2,418,770)
Cash and Cash Equivalents – Exhibit D	<u>74,549,038</u>	<u>108,019,780</u>
Fixed deposit (held under lien)	15,000,000	--
Fixed deposit with maturity of more than three months	10,000,000	--
Cash and Banks – Exhibit A	<u>99,549,038</u>	<u>108,019,780</u>

6. CAPITAL COMMITMENTS:

As at 30 September 2007, the Company has contractual capital commitments amounting to AED 13,197,967 mainly related to new projects.

7. CONTINGENT LIABILITIES:

The Company has issued corporate guarantees and letters of credit to third parties. The details are as follows:

	<u>30 September</u> <u>2007</u> <u>(Unaudited)</u> <u>AED</u>	<u>31 December</u> <u>2006</u> <u>(Audited)</u> <u>AED</u>
Bank Letters of Credit	9,185,635	2,413,486
Bank Letters of Guarantee	3,000,000	8,600,000

8. GENERAL:

The figures in these interim condensed financial statements are rounded to the nearest Dirham of United Arab Emirates except for earnings per share figures.

3. PROPERTY, PLANT AND EQUIPMENT:

a) Property, plant and equipment have been stated at cost less accumulated depreciation up to the interim condensed financial statements' date, as follows:

<u>COST</u>	<u>Factory Building</u> <u>AED</u>	<u>Plant & Equipment</u> <u>AED</u>	<u>Mobile Equipment & Passenger Cars</u> <u>AED</u>	<u>Office Furniture & Equipment</u> <u>AED</u>	<u>Improvements</u> <u>AED</u>	<u>Specialized tools</u> <u>AED</u>	<u>Capital work-in progress</u> <u>AED</u>	<u>Total</u> <u>AED</u>
At 1 January 2007	24,002,108	593,963,995	2,233,839	2,052,104	299,490	497,472	4,737,267	627,786,275
Additions	115,520	6,917,613	664,500	217,320	--	--	9,669,930	17,584,883
Disposals	--	--	(285,500)	--	--	--	--	(285,500)
Transfers	--	(506,700)	--	--	506,700	--	--	--
At 30 September 2007	24,117,628	600,374,908	2,612,839	2,269,424	806,190	497,472	14,407,197	645,085,658
<u>ACCUMULATED DEPRECIATION</u>								
At 1 January 2007	5,941,795	148,560,750	1,612,943	1,786,184	299,490	74,641	--	158,275,803
Charge for the period	579,685	14,967,370	275,783	134,833	99,238	--	--	16,056,909
Disposals	--	--	(268,367)	--	--	--	--	(268,367)
Transfers	--	(8,783)	--	--	8,783	--	--	--
At 30 September 2007	6,521,480	163,519,337	1,620,359	1,921,017	407,511	74,641	--	174,064,345
<u>NET CARRYING AMOUNT:</u>								
At 31 December 2006 (Audited) – Exhibit A	18,060,313	445,403,245	620,896	265,920	--	422,831	4,737,267	469,510,472
At 30 September 2007 (Unaudited) – Exhibit A	17,596,148	436,855,571	992,480	348,407	398,679	422,831	14,407,197	471,021,313

b) The Company's plant is constructed on a leased land renewable on annual basis.

RAS AL-KHAIMAH CEMENT COMPANY – P.S.C.
RAS AL-KHAIMAH
UNITED ARAB EMIRATES

INTERIM CONDENSED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2007 (Unaudited)

EXHIBIT C

<u>DESCRIPTION</u>	<u>Share Capital AED</u>	<u>Reserves AED</u>	<u>Cumulative changes in fair value of investment in shares AED</u>	<u>Retained earnings AED</u>	<u>Net AED</u>
At 31 December 2005 – (Audited)	440,000,000	58,753,308	--	118,577,723	617,331,031
Bonus shares transferred to capital	44,000,000	--	--	(44,000,000)	--
Board of directors remuneration paid	--	--	--	(900,000)	(900,000)
Difference resulting from re-measurement of investment in shares	--	--	(8,945)	--	(8,945)
Profit for the period – Exhibit B	--	--	--	103,419,916	103,419,916
At 30 September 2006 (Unaudited)	<u>484,000,000</u>	<u>58,753,308</u>	<u>(8,945)</u>	<u>177,097,639</u>	<u>719,842,002</u>
At 31 December 2006 - (Audited) – Exhibit A	484,000,000	83,911,330	(66,293)	174,309,810	742,154,847
Dividend paid for 2006	--	--	--	(72,600,000)	(72,600,000)
Board of directors remuneration paid	--	--	--	(1,300,000)	(1,300,000)
Difference resulting from re-measurement of investment in shares – Note – 4 (a)	--	--	(7,667)	--	(7,667)
Profit for the period – Exhibit B	--	--	--	46,695,196	46,695,196
At 30 September 2007 (Unaudited) - Exhibit A	<u>484,000,000</u>	<u>83,911,330</u>	<u>(73,960)</u>	<u>147,105,006</u>	<u>714,942,376</u>

***THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF
THESE INTERIM CONDENSED FINANCIAL STATEMENTS (UNAUDITED)***