

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

**CONDENSED INTERIM FINANCIAL
STATEMENTS AND REVIEW REPORT
FOR THE THREE MONTH
PERIOD ENDED 31 MARCH 2008**

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
Condensed Interim Financial Statements**

101480005

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

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Ras Al Khaimah Cement Company** (a public shareholding company) – Ras Al Khaimah as of 31 March 2008 and the related condensed interim statements of income, changes in shareholders' equity and cash flows for the three-month period then ended and explanatory notes. Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with International Accounting Standard No. 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim financial information based on our review.

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information does not give a true and fair view of the financial position of the Company (a public shareholding company) – Ras Al Khaimah as at 31 March 2008, and of its financial performance and its cash flows for the three-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,
12 April 2008

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

CONDENSED INTERIM BALANCE SHEET AS AT 31 MARCH 2008 (UNAUDITED)

EXHIBIT A

<u>ASSETS</u>	<u>Note</u>	<u>31 March</u>	<u>31 December</u>
		<u>2008</u>	<u>2007</u>
		<u>(Unaudited)</u>	<u>(Audited)</u>
		<u>AED</u>	<u>AED</u>
<u>Non-Current Assets:</u>			
Property, plant and equipment	3	479,864,947	483,430,968
Capital spare parts		6,410,017	6,667,360
Available-for-sale investments	4	30,984,472	30,987,667
Total Non-Current Assets		<u>517,259,436</u>	<u>521,085,995</u>
<u>Current Assets:</u>			
Inventories		42,106,951	50,642,913
Trade and other receivables		125,949,508	127,176,626
Cash and banks	5	91,484,437	76,473,402
Total Current Assets		<u>259,540,896</u>	<u>254,292,941</u>
TOTAL ASSETS		<u>776,800,332</u>	<u>775,378,936</u>
		=====	=====
<u>SHAREHOLDERS' EQUITY AND LIABILITIES</u>			
<u>Capital And Reserves:</u>			
Share capital		484,000,000	484,000,000
Reserves		94,898,396	94,898,396
Cumulative changes in fair value of available-for-sale investments		104,301	107,496
Retained earnings		154,600,649	144,358,071
Total Shareholders' Equity – Exhibit C		<u>733,603,346</u>	<u>723,363,963</u>
<u>Non-Current Liabilities:</u>			
End of service benefits obligation		<u>2,142,354</u>	<u>2,128,709</u>
<u>Current Liabilities:</u>			
Trade and other payables		<u>41,054,632</u>	<u>49,886,264</u>
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		<u>776,800,332</u>	<u>775,378,936</u>
		=====	=====

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

These condensed interim financial statements have been approved and authorized for issue on 12 April 2008 by:

CHAIRMAN

GENERAL MANAGER

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

CONDENSED INTERIM STATEMENT OF INCOME
FOR THE THREE-MONTH PERIOD ENDED
31 MARCH 2008 (UNAUDITED)

EXHIBIT B

	<u>31 March</u> <u>2008</u> <u>(Unaudited)</u> <u>AED</u>	<u>31 March</u> <u>2007</u> <u>(Unaudited)</u> <u>AED</u>
Sales revenue	81,225,447	90,175,942
Cost of sales	(68,233,912)	(60,215,746)
Gross profit	<u>12,991,535</u>	<u>29,960,196</u>
Other income	821,119	1,776,059
Marketing expenses	(406,013)	(665,581)
Administrative expenses	(3,141,720)	(3,420,315)
Finance costs	(22,343)	(74,020)
Profit for the period - Exhibit C	<u>10,242,578</u> =====	<u>27,576,339</u> =====
Basic earnings per share	<u>0.021</u> =====	<u>0.057</u> =====

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

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

CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2008 (UNAUDITED)

EXHIBIT D

	<u>31 March</u>	<u>31 March</u>
	<u>2008</u>	<u>2007</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
	AED	AED
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Profit for the period – Exhibit B	10,242,578	27,576,339
Adjustments for:		
Depreciation	5,440,657	5,300,328
Provision for capital spare parts	62,983	161,409
End of service benefits	13,645	120,369
Interest income	(767,930)	(1,553,784)
Profit on sale of property and equipment	(53,189)	(81,617)
Finance costs	22,343	74,020
Profit before working capital changes	14,961,087	31,597,064
Inventories – Decrease/(Increase)	8,535,962	(2,790,358)
Trade and other receivables – Decrease/(Increase)	1,057,163	(14,148,995)
Trade and other payables – (Decrease)/ Increase	(8,831,632)	9,831,880
<i>Net cash from operating activities</i>	15,722,580	24,489,591
	=====	=====
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchase of property and equipment	(1,958,507)	(1,425,003)
Disposal of capital spare parts	194,360	--
Proceeds from sale of property and equipment	137,060	98,750
Interest income received	937,885	1,627,399
Investment in fixed deposit with bank	(11,000,000)	(10,000,000)
<i>Net cash (used in) investing activities</i>	(11,689,202)	(9,698,854)
	=====	=====
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Dividend paid	--	(72,600,000)
Board of directors' remuneration paid	--	(1,300,000)
Short term borrowings from bank	--	10,587,842
Finance costs paid	(22,343)	(74,020)
<i>Net cash (used in) financing activities</i>	(22,343)	(63,386,178)
	=====	=====
<i>Net Increase/(Decrease) in cash and cash equivalents</i>	4,011,035	(48,595,441)
Cash and cash equivalents at beginning of the period	76,473,402	108,019,780
	=====	=====
<u>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD – Note 5</u>	80,484,437	59,424,339
	=====	=====

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. COMPANY INCORPORATION AND ACTIVITIES:

Ras Al Khaimah Cement Company, a public shareholding company (hereinafter referred to as the “Company”) was incorporated in Ras Al Khaimah by Amiri Decree number 4 dated May 27, 1995 being 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 February 11, 1996.

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

2. BASIS OF PREPARATION OF CONDENSED INTERIM FINANCIAL STATEMENTS:

The condensed interim 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 2007.

In preparing these condensed interim 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 2007. In addition, results for the three month ended 31 March 2008 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2008.

4. AVAILABLE-FOR-SALE INVESTMENTS:

a) The movement over these investments are as follows:

	<u>31 March</u> <u>2008</u> <u>(Unaudited)</u> AED	<u>31 December</u> <u>2007</u> <u>(Audited)</u> AED
Balance January 1,	30,987,667	30,813,878
Difference resulting from re-measurement of investment in shares – Exhibit C	(3,195)	173,789
Net - Exhibit A	<u>30,984,472</u> =====	<u>30,987,667</u> =====

b) The above investments are classified as follows:

	<u>31 March</u> <u>2008</u> <u>(Unaudited)</u> AED	<u>31 December</u> <u>2007</u> <u>(Audited)</u> AED
Unquoted investments	30,550,000	30,550,000
Quoted investment	434,472	437,667
Total	<u>30,984,472</u> =====	<u>30,987,667</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>31 March</u> <u>2008</u> <u>(Unaudited)</u> AED	<u>31 December</u> <u>2007</u> <u>(Audited)</u> AED
Cash on hand	289,509	14,992
Petty cash account	21,000	21,000
Current account with bank	10,301,288	7,775
Call deposit with bank	--	20,000,000
Fixed deposit with maturity of three months or less	72,000,000	62,000,000
Overdrawn book balance of current account with bank	(1,555,847)	(4,998,852)
Overdrawn book balance of dividend payment deposit account	(571,513)	(571,513)
Cash and cash equivalents – Exhibit D	<u>80,484,437</u>	<u>76,473,402</u>
Fixed deposits with maturity of more than three months in foreign currency	11,000,000	--
Cash and Banks – Exhibit A	<u>91,484,437</u> =====	<u>76,473,402</u> =====

6. CAPITAL COMMITMENTS:

As at 31 March 2008, the Company has contractual capital commitments amounting to AED 15,038,327 related to the ongoing projects.

7. CONTINGENT LIABILITIES:

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

	<u>31 March</u> <u>2008</u> <u>(Unaudited)</u>	<u>31 December</u> <u>2007</u> <u>(Audited)</u>
	<u>AED</u>	<u>AED</u>
Bank Letters of Credit	15,125,277	5,384,919
Bank Letters of Guarantee	3,000,000	3,000,000

8. GENERAL:

The figures in these condensed interim financial statements are rounded to the nearest Dirham of United Arab Emirates.

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 2008	24,117,628	601,597,365	3,227,839	2,330,823	806,190	497,472	29,942,006	662,519,323
Additions	--	470,517	246,000	3,000	--	--	1,238,990	1,958,507
Transfers	--	12,614,583	--	--	--	--	(12,614,583)	--
Disposals	--	--	(313,000)	--	--	--	--	(313,000)
At 31 March 2008	24,117,628	614,682,465	3,160,839	2,333,823	806,190	497,472	18,566,413	664,164,830
<u>ACCUMULATED DEPRECIATION:</u>								
At 1 January 2008	6,719,814	168,649,117	1,254,571	1,950,512	439,700	74,641	--	179,088,355
Additions	194,287	5,051,431	118,944	44,405	31,590	--	--	5,440,657
Disposals	--	--	(229,129)	--	--	--	--	(229,129)
At 31 March 2008	6,914,101	173,700,548	1,144,386	1,994,917	471,290	74,641	--	184,299,883
<u>CARRYING AMOUNT:</u>								
At 31 December 2007 (Audited)- Exhibit A	17,397,814	432,948,248	1,973,268	380,311	366,490	422,831	29,942,006	483,430,968
At 31 March 2008 (Unaudited)-Exhibit A	17,203,527	440,981,917	2,016,453	338,906	334,900	422,831	18,566,413	479,864,947

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

CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD ENDED 31 MARCH 2008 (UNAUDITED)

EXHIBIT C

<u>DESCRIPTION</u>	<u>Capital</u> AED	<u>Reserves</u> AED	<u>Cumulative changes in</u> <u>fair value of available-</u> <u>for-sale investments</u> AED	<u>Retained</u> <u>earnings</u> AED	<u>Net</u> AED
Shareholders' Equity, 31 December 2006 (Audited)	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 available-for-sale investments	--	--	(47,281)	--	(47,281)
Profit for the period – Exhibit B	--	--	--	27,576,339	27,576,339
Shareholders' Equity, 31 March 2007 (Unaudited)	484,000,000	83,911,330	(113,574)	127,986,149	695,783,905
Shareholders' Equity, 31 December 2007 (Audited) – Exhibit A	484,000,000	94,898,396	107,496	144,358,071	723,363,963
Difference resulting from re-measurement of available-for-sale investments – Note 4 (a)	--	--	(3,195)	--	(3,195)
Profit for the period – Exhibit B	--	--	--	10,242,578	10,242,578
Shareholders' Equity, 31 March 2008 (Unaudited) - Exhibit A	484,000,000	94,898,396	104,301	154,600,649	733,603,346

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