

**RAS AL KHAIMAH CEMENT COMPANY – PSC
RAS AL KHAIMAH
UNITED ARAB EMIRATES**

**CONDENSED INTERIM FINANCIAL
STATEMENTS AND REVIEW REPORT
FOR THE SIX MONTH PERIOD
ENDED 30 JUNE 2008**

RAS AL KHAIMAH CEMENT COMPANY – PSC
RAS AL KHAIMAH
UNITED ARAB EMIRATES

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

101480005

**Messrs 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 30 June 2008 and the related condensed interim statements of income, changes in shareholders' equity and cash flows for the six-month period then ended and selected 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 as at 30 June 2008, and of its financial performance and its cash flows for the six-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,
6 July 2008

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

CONDENSED INTERIM BALANCE SHEET
AS AT 30 JUNE 2008 (Unaudited)

EXHIBIT A

<u>ASSETS</u>	Note	<u>30 June</u> <u>2008</u> <u>(Unaudited)</u> <u>AED</u>	<u>31 December</u> <u>2007</u> <u>(Audited)</u> <u>AED</u>
<u>Non-Current Assets:</u>			
Property, plant and equipment	3	476,431,917	483,430,968
Capital spare parts		6,343,397	6,667,360
Available-for-sale investments	4	31,086,701	30,987,667
Total Non-Current Assets		<u>513,862,015</u>	<u>521,085,995</u>
<u>Current Assets:</u>			
Inventories		42,509,954	50,642,913
Trade and other receivables		134,488,241	127,176,626
Cash and banks	5	112,665,027	76,473,402
Total Current Assets		<u>289,663,222</u>	<u>254,292,941</u>
TOTAL ASSETS		<u>803,525,237</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 investment in shares		206,530	107,496
Retained earnings		166,888,090	144,358,071
Net Shareholders' Equity – Exhibit C		<u>745,993,016</u>	<u>723,363,963</u>
<u>Non-Current Liabilities:</u>			
End of service benefits obligation		<u>2,097,500</u>	<u>2,128,709</u>
<u>Current Liabilities:</u>			
Trade and other payables		42,703,947	49,886,264
Short-term borrowings		12,730,774	--
Total Current Liabilities		<u>55,434,721</u>	<u>49,886,264</u>
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		<u>803,525,237</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 (unaudited) have been
approved for issue on 6 July 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 SIX MONTH PERIOD ENDED 30 JUNE 2008 (Unaudited)

EXHIBIT B

	<u>For Six Months Ended</u>		<u>For Three Months Ended</u>	
	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>	<u>30 June</u>
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</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	190,553,514	165,474,947	109,328,067	75,299,005
Cost of sales	(163,950,967)	(118,994,657)	(95,717,055)	(58,778,911)
Gross profit	26,602,547	46,480,290	13,611,012	16,520,094
Other income	2,227,458	2,908,221	1,406,339	1,132,162
Marketing expenses	(565,023)	(1,136,812)	(159,010)	(471,231)
Administrative expenses	(5,702,755)	(6,050,367)	(2,561,035)	(2,630,052)
Finance costs	(32,208)	(161,826)	(9,865)	(87,806)
Profit for the period – Exhibit C	22,530,019	42,039,506	12,287,441	14,463,167
	=====	=====	=====	=====
Basic earnings per share	0.046	0.087	0.025	0.030
	=====	=====	=====	=====

***THE ACCOMPANYING NOTES CONSTITUTE AN INTEGRAL PART OF
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RAS AL KHAIMAH CEMENT COMPANY – P.S.C.
RAS AL KHAIMAH
UNITED ARAB EMIRATES

CONDENSED INTERIM STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 JUNE 2008 (Unaudited)

EXHIBIT D

	<u>30 June</u> <u>2008</u> <u>(Unaudited)</u> <u>AED</u>	<u>30 June</u> <u>2007</u> <u>(Unaudited)</u> <u>AED</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Profit for the period – Exhibit B	22,530,019	42,039,506
Adjustments for:		
Depreciation	11,011,801	10,604,036
Provision for capital spare parts	--	284,029
End of service benefits	(31,209)	153,691
Interest income	(1,359,852)	(2,572,007)
Profit on sale of property and equipment	(158,684)	(81,617)
Finance costs	32,208	161,826
Profit before working capital changes	32,024,283	50,589,464
Change in current assets – Decrease	821,344	4,776,675
Change in current liabilities – (Decrease)/Increase	(7,182,317)	4,279,754
<i>Net cash from operating activities</i>	25,663,310	59,645,893
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Purchase of property and equipment	(4,096,621)	(10,743,051)
Disposal of capital spare parts	323,963	--
Proceeds from disposal of property & equipment	242,555	98,750
Investment in fixed deposits	(31,000,000)	(25,000,000)
Interest income	1,359,852	2,635,603
<i>Net cash (used in) investing activities</i>	(33,170,251)	(33,008,698)
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Dividend paid to shareholders	--	(72,600,000)
Board of directors' remuneration paid	--	(1,300,000)
Proceeds from short-term borrowings	12,730,774	9,163,516
Finance costs paid	(32,208)	(161,826)
<i>Net cash provided by/(used in) financing activities</i>	12,698,566	(64,898,310)
<i>Net Increase/(Decrease) in cash and cash equivalents</i>	5,191,625	(38,261,115)
Cash and cash equivalents at beginning of the period	76,473,402	108,019,780
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD – Note 5	81,665,027	69,758,665

**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
FOR THE PERIOD ENDED 30 JUNE 2008 (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 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 six months ended 30 June 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>30 June</u> <u>2008</u> <u>(Unaudited)</u> <u>AED</u>	<u>31 December</u> <u>2007</u> <u>(Audited)</u> <u>AED</u>
At 1 January	30,987,667	30,813,878
Difference resulting from re-measurement of investment in shares – Exhibit C	99,034	173,789
Total - Exhibit A	<u>31,086,701</u> =====	<u>30,987,667</u> =====

b) The above investments are classified as follows:

	<u>30 June</u> <u>2008</u> <u>(Unaudited)</u> <u>AED</u>	<u>31 December</u> <u>2007</u> <u>(Audited)</u> <u>AED</u>
Unquoted investments	30,550,000	30,550,000
Quoted investment	536,701	437,667
Total	<u>31,086,701</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>30 June</u> <u>2008</u> <u>(Unaudited)</u> <u>AED</u>	<u>31 December</u> <u>2007</u> <u>(Audited)</u> <u>AED</u>
Petty cash account	21,000	21,000
Cash on hand	173,040	14,992
Current account with bank	42,500	7,775
Fixed deposit with maturity of three months or less	82,000,000	82,000,000
Overdrawn book balance of current account with bank	--	(4,998,852)
Overdrawn book balance of dividend payment deposit account	(571,513)	(571,513)
Cash and Cash Equivalents – Exhibit D	<u>81,665,027</u>	<u>76,473,402</u>
Fixed deposits with maturity of more than three months	31,000,000	--
Cash and Banks – Exhibit A	<u>112,665,027</u> =====	<u>76,473,402</u> =====

6. CAPITAL COMMITMENTS:

As at 30 June 2008, the Company has contractual capital commitments amounting to AED 51,974,780 mainly related to towards 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 June</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	13,360,322	5,384,919
Bank Letters of Guarantees	--	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> AED	<u>Plant & Equipment</u> AED	<u>Mobile Equipment & Passenger Cars</u> AED	<u>Office Furniture & Equipment</u> AED	<u>Improvements</u> AED	<u>Specialized tools</u> AED	<u>Capital work-in progress</u> AED	<u>Total</u> AED
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	--	--	527,000	5,115	--	--	3,564,506	4,096,621
Disposals	--	--	(313,000)	--	--	--	--	(313,000)
Transfers	--	12,610,886	--	--	--	--	(12,610,886)	--
At 30 June 2008	24,117,628	614,208,251	3,441,839	2,335,938	806,190	497,472	20,895,626	666,302,944
<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
Charge for the period	388,574	10,203,600	268,121	88,342	63,164	--	--	11,011,801
Disposals	--	--	(229,129)	--	--	--	--	(229,129)
At 30 June 2008	7,108,388	178,852,717	1,293,563	2,038,854	502,864	74,641	--	189,871,027
<u>NET 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 30 June 2008 (Unaudited) – Exhibit A	17,009,240	435,355,534	2,148,276	297,084	303,326	422,831	20,895,626	476,431,917

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 30 JUNE 2008 (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 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 investment in shares	--	--	14,696	--	14,696
Profit for the period – Exhibit B	--	--	--	42,039,506	42,039,506
At 30 June 2007 (Unaudited)	484,000,000	83,911,330	(51,597)	142,449,316	710,309,049
At 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 investment in shares – Note – 4 (a)	--	--	99,034	--	99,034
Profit for the period – Exhibit B	--	--	--	22,530,019	22,530,019
At 30 June 2008 (Unaudited) - Exhibit A	484,000,000	94,898,396	206,530	166,888,090	745,993,016

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