

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
MARCH 31, 2011

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 MARCH 31, 2011

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Report on Review Of Condensed Interim Financial Information

101480005

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

Introduction

We have reviewed the accompanying condensed statement of financial position of **Ras Al Khaimah Cement Company – P.S.C. (a public shareholding company) – Ras Al Khaimah, United Arab Emirates**, as of March 31, 2011 and the related condensed statements of income, comprehensive income, changes in equity and cash flows for the three-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 is not prepared, in all material respect in accordance with International Accounting Standard No. 34, "Interim Financial Reporting".

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

Ras Al Khaimah,
April 21, 2011

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مكتب رأس الخيمة : هاتف : ٢٢٨ ٨٤٢٧ (٧-٩٧١ +) ، فاكس : ٢٢٨ ٥٩٢٩ (٧-٩٧١ +)

A See Building No.1, 3rd Floor, Green Street, Al Khaimah, P.O.Box: 403 Ras Al Khaimah, U.A.E.

بنية السو رقم ١ ، الدور ٣ شارع صان ، النخيل من ٤٠٣ ، رأس الخيمة ، الإمارات العربية المتحدة

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

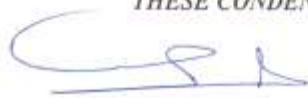
RAS AL KHAIMAH
UNITED ARAB EMIRATES

CONDENSED STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2011 (UNAUDITED)

EXHIBIT A

		<u>March 31,</u> <u>2011</u> <u>(Unaudited)</u> <u>AED</u>	<u>December 31,</u> <u>2010</u> <u>(Audited)</u> <u>AED</u>
ASSETS	Notes		
Non-current assets			
Property, plant and equipment	3	502,883,378	509,660,819
Investment in an associate	4	52,708,707	51,765,666
Available-for-sale investments	5	39,542,323	39,542,323
Total non-current assets		<u>595,134,408</u>	<u>600,968,808</u>
Current assets			
Inventories		64,584,192	62,173,905
Due from an associate	6	23,096,528	19,754,448
Trade and other receivables		76,156,024	67,857,813
Cash and cash equivalents	7	50,665,166	44,847,722
Total current assets		<u>214,501,910</u>	<u>194,633,888</u>
TOTAL ASSETS		<u>809,636,318</u>	<u>795,602,696</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		484,000,000	484,000,000
Reserves		125,267,442	125,267,442
Cumulative changes in fair value		(266,917)	(266,917)
Retained earnings		155,964,923	155,690,280
Net equity – Exhibit D		<u>764,965,448</u>	<u>764,690,805</u>
Non-current liability			
End of service benefits obligation		<u>3,181,373</u>	<u>3,176,162</u>
Current liabilities			
Trade and other payables		<u>41,489,497</u>	<u>27,735,729</u>
Total liabilities		<u>44,670,870</u>	<u>30,911,891</u>
TOTAL EQUITY AND LIABILITIES		<u>809,636,318</u>	<u>795,602,696</u>

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


CHAIRMAN


GENERAL MANAGER

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

RAS AL KHAIMAH
UNITED ARAB EMIRATES

CONDENSED STATEMENT OF INCOME
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2011 (UNAUDITED)

EXHIBIT B

	<u>Notes</u>	<u>Three-month period ended</u> <u>March 31,</u> <u>2011</u> <u>(Unaudited)</u> <u>AED</u>	<u>March,31</u> <u>2010</u> <u>(Unaudited)</u> <u>AED</u>
Revenue		53,317,275	70,214,085
Cost of revenue		(51,059,768)	(66,109,668)
Gross profit		<u>2,257,507</u>	<u>4,104,417</u>
Other income		481,222	1,039,548
Marketing expenses		(205,968)	(180,619)
Administrative expenses		(3,185,768)	(3,371,679)
Finance costs		(15,391)	(111,251)
Share of profit of an associate	4	943,041	1,552,262
Profit for the period – Exhibit C		<u>274,643</u> =====	<u>3,032,678</u> =====
Basic earnings per share		<u>0.0005</u> =====	<u>0.0063</u> =====

***THE ACCOMPANYING NOTES ARE 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 STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2011 (UNAUDITED)

EXHIBIT C

	<u>Three-month period ended</u>	
	<u>March 31,</u>	<u>March,31</u>
	<u>2011</u>	<u>2010</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>
	<u>AED</u>	<u>AED</u>
Profit for the period – Exhibit B	274,643	3,032,678
Other comprehensive income		
Board of directors' remuneration	--	(2,160,000)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD – EXHIBIT D	274,643	872,678

***THE ACCOMPANYING NOTES ARE 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 STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED MARCH 31, 2011 (UNAUDITED)

EXHIBIT E

	<u>March 31,</u> <u>2011</u> <u>(Unaudited)</u> <u>AED</u>	<u>March 31,</u> <u>2010</u> <u>(Unaudited)</u> <u>AED</u>
Cash Flows from Operating Activities		
Profit for the period – Exhibit B	274,643	3,032,678
Adjustments for:		
Depreciation	6,777,441	6,741,690
End of service benefits	5,211	420,836
Interest income	(422,572)	(844,463)
Profit on sale of property and equipment	--	(25,223)
Share of profit of an associate	(943,041)	(1,552,262)
Finance costs	<u>15,391</u>	<u>3,371,679</u>
Profit before working capital changes	5,707,073	11,144,935
(Increase)/decrease in inventories	(2,410,287)	3,226,119
(Increase) in due from an associate	(3,342,080)	(5,924,798)
(Increase) in trade and other receivables	(8,280,685)	(12,801,039)
Increase in trade and other payables	<u>13,753,768</u>	<u>5,687,527</u>
Cash generated from operations	<u>5,427,789</u>	1,332,744
Finance costs paid	<u>(15,391)</u>	<u>(3,371,679)</u>
Net cash provided by/(used in) operating activities	<u>5,412,398</u>	<u>(2,038,935)</u>
Cash Flows from Investing Activities		
Purchase of property and equipment	--	(364,298)
Proceeds from disposal of property, plant and equipment	--	84,292
Interest income received	<u>405,046</u>	<u>844,463</u>
Net cash provided by investing activities	<u>405,046</u>	<u>564,457</u>
Cash Flows from Financing Activities		
Board of directors' remuneration paid	--	(2,160,000)
Short term borrowings from bank	<u>--</u>	<u>8,692,782</u>
Net cash provided by financing activities	<u>--</u>	<u>6,532,782</u>
Net increase in cash and cash equivalents	5,817,444	5,058,304
Cash and cash equivalents at beginning of the period	<u>44,847,722</u>	<u>91,742,847</u>
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD – Note 7 & Exhibit A	<u>50,665,166</u>	<u>96,801,151</u>

**THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF
THESE CONDENCED 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 MARCH 31, 2011 (UNAUDITED)

1. GENERAL INFORMATION:

Ras Al Khaimah Cement Company – P.S.C. (hereinafter referred to as the “Company”) is a public shareholding company incorporated in Ras Al Khaimah by Amiri Decree number 4 dated May 27, 1995. 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 Company is listed in Abu Dhabi Securities Market.

The production plant and all other facilities of the Company are situated at Khor Khwair area of Ras Al Khaimah Emirate.

The main activity of the Company is cement producing & trading, investing and establishing & managing industrial projects. The Company had started its commercial production in April 1, 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 December 31, 2010.

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 December 31, 2010. In addition, results for the three-month period ended March 31, 2011 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2011.

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 MARCH 31, 2011 (UNAUDITED)

Continued...

4. INVESTMENT IN AN ASSOCIATE:

- a) Investment in an associate represents the Company's investment in Reem Ready Mix LLC, Abu Dhabi. The total number of shares acquired is 6,000 shares of AED 1,000/- each. The Company presently possesses 20% of the shareholders' capital of Reem Ready Mix LLC. Investment in an associate is accounted for using the equity method. The details are as follows:

	<u>AED</u>
Cost (6,000 shares of AED 1,000/-each)	6,000,000
Goodwill on acquisition – Note 4 (b)	<u>34,000,000</u>
Total acquisition cost	40,000,000
Share of profit	15,765,666
Less: Dividend received	<u>(4,000,000)</u>
Balance as on December 31, 2010 (Audited) – Exhibit A	51,765,666
Share of profit for the period – Exhibit B	<u>943,041</u>
Balance as on March 31, 2011 (Unaudited) – Exhibit A	<u>52,708,707</u>
	=====

- b) Goodwill amounting to AED 34,000,000 has arisen on acquisition of the shares in an associate, Reem Readymix LLC. Goodwill is initially measured at cost and is tested for impairment annually (at December 31) and when circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of goodwill and where the recoverable amount is less than carrying amount; an impairment loss is recognized in current year's income statement.

5. AVAILABLE-FOR-SALE INVESTMENTS:

- a) The movement over these investments are as follows:

	<u>March 31,</u> <u>2011</u> <u>(Unaudited)</u> <u>AED</u>	<u>December 31,</u> <u>2010</u> <u>(Audited)</u> <u>AED</u>
Balance at January 1	39,542,323	42,540,496
Impairment loss on AFS investments	--	(748,173)
Provision for AFS investments	--	<u>(2,250,000)</u>
Net – Exhibit A	<u>39,542,323</u>	39,542,323
	=====	=====

- b) The above investments are classified as follows:

	<u>March 31,</u> <u>2011</u> <u>(Unaudited)</u> <u>AED</u>	<u>December 31,</u> <u>2010</u> <u>(Audited)</u> <u>AED</u>
Unquoted investments – Note 5 (e)	39,479,069	39,479,069
Quoted investments	<u>63,254</u>	<u>63,254</u>
Total – Note 5 (a) above	<u>39,542,323</u>	39,542,323
	=====	=====

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 MARCH 31, 2011 (UNAUDITED)

Continued...

5. AVAILABLE-FOR-SALE INVESTMENTS: (continued...)

- c) Available-for-sale investments are classified into the following business segments:

	<u>March 31,</u> <u>2011</u> <u>(Unaudited)</u> <u>AED</u>	<u>December 31,</u> <u>2010</u> <u>(Audited)</u> <u>AED</u>
Investment in airline company	12,049,694	12,049,694
Investment in petroleum company	3,945,375	3,945,375
Investment in construction company	13,284,000	13,284,000
Investment in financing company	10,263,254	10,263,254
Investment in power company	2,250,000	2,250,000
Provision for AFS investments	<u>(2,250,000)</u>	<u>(2,250,000)</u>
Total – Note 5 (a)	39,542,323	39,542,323
	=====	=====

- d) The entire available-for-sale investments amounting to **AED 39,542,323** as shown above have been invested in local market of United Arab Emirates.
- e) Unquoted available-for-sale investments amounting to **AED 39,479,069** as shown in Note 5 (b) are carried at cost less impairment loss.

6. DUE FROM AN ASSOCIATE:

Due from an associate amounting to AED 23,096,528 [AED 19,754,448 as on December 31, 2010 (Audited)] as shown in **Exhibit A** represents amount due from Reem Ready Mix LLC as of the financial statements date.

7. CASH AND CASH EQUIVALENTS:

This item comprises of the following:

	<u>March 31,</u> <u>2011</u> <u>(Unaudited)</u> <u>AED</u>	<u>December 31,</u> <u>2010</u> <u>(Audited)</u> <u>AED</u>
Cash on hand	35,130	7,696
Petty cash account	34,500	34,500
Current account with bank	36,989	36,989
Dividend payment deposit account	1,041,175	1,041,175
Fixed deposits with maturity of three months or less	58,374,453	48,336,012
Overdrawn book balance of current account	<u>(8,857,081)</u>	<u>(4,608,650)</u>
Net – Exhibit A	50,665,166	44,847,722
	=====	=====

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 MARCH 31, 2011 (UNAUDITED)

Continued...

8. CONTINGENT LIABILITIES:

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

	<u>March 31,</u> <u>2011</u> <u>(Unaudited)</u> <u>AED</u>	<u>December 31,</u> <u>2010</u> <u>(Audited)</u> <u>AED</u>
Bank letters of credit	782,332	1,030,295
Bank letters of guarantee	60,000	123,528

Also, the Company had issued three irrevocable corporate guarantees in favour of National Projects & Construction LLC – Abu Dhabi (NPC) on behalf of its associate, Reem Ready Mix LLC – Abu Dhabi against credit facilities extended to NPC.

Two bank guarantees had been signed by the Company as guarantor and guaranteed sum is up to the extent of 20% of all credit facilities and financial obligations of Reem Ready Mix LLC.

One irrevocable corporate guarantee had been signed by the Company as guarantor up to the extent of Company's shareholding in NPC. The Company has an investment of AED 13,284,000 in NPC which represents 7.69% of the NPC's capital (refer to Note 5-c).

9. APPROVAL OF CONDENSED INTERIM FINANCIAL STATEMENTS:

The condensed interim financial statements were approved by the Chairman of the Board of Directors and authorized for issue on April 21, 2011.

10. GENERAL:

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

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 MARCH 31, 2011 (UNAUDITED)

Continued...

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 AED</u>	<u>Plant & equipment AED</u>	<u>Mobile equipment & passenger cars AED</u>	<u>Office furniture & equipment AED</u>	<u>Land improvements AED</u>	<u>Capital spareparts AED</u>	<u>Specialized & loose tools AED</u>	<u>Total AED</u>
At January 1, 2011	24,117,628	708,819,825	3,058,489	3,294,778	806,190	21,172,955	497,472	761,767,337
At March 31, 2011	<u>24,117,628</u>	<u>708,819,825</u>	<u>3,058,489</u>	<u>3,294,778</u>	<u>806,190</u>	<u>21,172,955</u>	<u>497,472</u>	<u>761,767,337</u>
<u>Accumulated Depreciation</u>								
At January 1, 2011	9,057,702	235,366,502	2,159,051	2,633,261	806,190	2,009,171	74,641	252,106,518
Charge for the period	192,152	6,223,347	106,923	80,857	--	174,162	--	6,777,441
At March 31, 2011	<u>9,249,854</u>	<u>241,589,849</u>	<u>2,265,974</u>	<u>2,714,118</u>	<u>806,190</u>	<u>2,183,333</u>	<u>74,641</u>	<u>258,883,959</u>
<u>Net Carrying Amount</u>								
At December 31, 2010 (Audited) – Exhibit A	15,059,926	473,453,323	899,438	661,517	--	19,163,784	422,831	509,660,819
At March 31, 2011 (Unaudited) – Exhibit A	<u>14,867,774</u>	<u>467,229,976</u>	<u>792,515</u>	<u>580,660</u>	<u>--</u>	<u>18,989,622</u>	<u>422,831</u>	<u>502,883,378</u>

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 STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED MARCH 31, 2011 (UNAUDITED)

EXHIBIT D

<u>DESCRIPTION</u>	<u>Share capital</u> <u>AED</u>	<u>Reserves</u> <u>AED</u>	<u>Cumulative changes</u> <u>in fair value of</u> <u>investment in shares</u> <u>AED</u>	<u>Retained earnings</u> <u>AED</u>	<u>Net</u> <u>AED</u>
Shareholders' Equity at December 31, 2009 (Audited)	484,000,000	125,267,442	(266,917)	210,194,253	819,194,778
Profit for the period – Exhibit B	--	--	--	3,032,678	3,032,678
Other comprehensive income	--	--	--	(2,160,000)	(2,160,000)
Total comprehensive income for the period – Exhibit C	--	--	--	872,678	872,678
Cash dividend paid	--	--	--	(48,400,000)	(48,400,000)
Shareholders' Equity at March 31, 2010 (Unaudited)	484,000,000	125,267,442	(266,917)	162,666,931	771,667,456
Shareholder's equity at December 31, 2010 (Audited) - Exhibit A	484,000,000	125,267,442	(266,917)	155,690,280	764,690,805
Profit for the period – Exhibit B	--	--	--	274,643	274,643
Other comprehensive income	--	--	--	--	--
Total comprehensive income for the period – Exhibit C	--	--	--	274,643	274,643
Shareholders' equity at March 31, 2011 (Unaudited) – Exhibit A	484,000,000	125,267,442	(266,917)	155,964,923	764,965,448

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