

UMM AL QAIWAIN CEMENT INDUSTRIES CO.
A PUBLIC SHAREHOLDING COMPANY
UMM AL QAIWAIN
UNITED ARAB EMIRATES

FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S
REPORT FOR THE YEAR ENDED
DECEMBER 31, 2010

UMM AL QAIWAIN CEMENT INDUSTRIES CO.
A PUBLIC SHAREHOLDING COMPANY
UMM AL QAIWAIN
UNITED ARAB EMIRATES

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED DECEMBER 31, 2010

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INDEPENDENT AUDITOR'S REPORT

101480009

The Shareholders,
Umm Al Qaiwain Cement Industries Co.,
A Public Shareholding Company,
Umm Al Qaiwain - United Arab Emirates

Report on the Financial Statements

We have audited the accompanying financial statements of Umm Al Qaiwain Cement Industries Co., (a public shareholding company) - Umm Al-Qaiwain, which comprise the statement of financial position as at December 31, 2010, and the statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Umm Al Qaiwain Cement Industries Co., (a public shareholding company) - Umm Al Qaiwain, as of December 31, 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on Other Legal and Regulatory Requirements

Also in our opinion, the Company had maintained proper books of account, the stock taking was duly conducted in accordance with accepted principles and the financial information included within the Board of Directors' report is in agreement with books of account. We have obtained the required information and explanation as deemed necessary for audit purposes, and to the extent of information made available to us, nothing came to our attention concerning occurrence of violations during the year of the United Arab Emirates Companies' Law of 1984 (and its amendments) or its Articles of Association that would have a material effect on the Company's activities or its financial position.

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

Umm Al Qaiwain
February 15, 2011

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بنية دالية الأم القيوين شارع الملك فيصل طابق 1 مبنى أم القيوين الإمارات العربية المتحدة

We Work Hard to Stay First

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نعمل بجد لنبقى في المقدمة

UMM AL QAIWAIN CEMENT INDUSTRIES CO.
A PUBLIC SHAREHOLDING COMPANY
UMM AL QAIWAIN
UNITED ARAB EMIRATES

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2010

EXHIBIT A

ASSETS	Notes	2010 AED	2009 AED
Non-current assets			
Land	2.3 & 3	159,932,441	159,932,441
Property, plant and equipment	2.4 & 4	30,404,236	35,638,101
Investment in shares available-for-sale	2.5 & 5	205,191,574	322,313,697
Total non-current assets		<u>395,528,251</u>	<u>517,884,239</u>
Current assets			
Investment in shares held-for-trading	2.5 & 6	104,449,457	103,444,399
Inventories	2.6 & 7	8,354,337	10,819,197
Trade accounts receivable and others	2.7 & 8	11,544,022	25,029,820
Cash and cash equivalents	2.8 & 9	70,628,617	51,301,381
Total current assets		<u>194,976,433</u>	<u>190,594,797</u>
TOTAL ASSETS		<u>590,504,684</u>	<u>708,479,036</u>
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Capital	10 (a)	363,000,000	363,000,000
Reserves	10 (b)	67,062,833	66,439,338
Changes in fair value of investment in shares		31,982,963	144,100,701
Land revaluation surplus		126,092,756	126,092,756
Retained earnings		(26,182,518)	(31,793,972)
Total shareholders' equity – Exhibit C		<u>561,956,034</u>	<u>667,838,823</u>
Non-current liabilities			
End of service benefits obligation	2.9 & 11	948,136	853,755
Current liabilities			
Current maturities of bank loan	12	–	1,666,660
Trade accounts payable and others	2.10 & 13	1,771,859	11,446,636
Unclaimed dividends	14	25,828,655	26,673,162
Total current liabilities		<u>27,600,514</u>	<u>39,786,458</u>
Total liabilities		<u>28,548,650</u>	<u>40,640,213</u>
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		<u>590,504,684</u>	<u>708,479,036</u>

*THE ACCOMPANYING NOTES ARE AN INTEGRAL PART
OF THESE FINANCIAL STATEMENTS*

NASIR BIN RASHID ABDUL AZIZ AL MOALLA
DEPUTY CHAIRMAN

SALEM ABDULLA SALEM
MANAGING DIRECTOR

UMM AL QAIWAIN CEMENT INDUSTRIES CO.
A PUBLIC SHAREHOLDING COMPANY
UMM AL QAIWAIN
UNITED ARAB EMIRATES

STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2010

EXHIBIT B - 1

	<u>Notes</u>	<u>2010</u> <u>AED</u>	<u>2009</u> <u>AED</u>
Sales	2.15 & 15	36,852,815	102,507,219
Cost of sales	16	(35,757,137)	(97,593,550)
		<u>1,095,678</u>	<u>4,913,669</u>
Gross profit			1,211,082
Other income	17	2,271,467	1,211,082
Foreign exchange		1,967,019	(3,649,571)
Profit from investment in shares	18	15,430,111	12,488,423
Impairment loss on investment in shares available-for-sale	19	(5,004,385)	(40,254,731)
Loss on sale of investment in shares available-for-sale		--	(12,980,706)
Difference resulting from remeasurement of investment in shares held for trading	6	(1,428,107)	(8,085,618)
Administrative expenses	20	(2,842,804)	(3,396,994)
Depreciation		(5,246,662)	(5,345,104)
Finance costs		(7,368)	(667,185)
		<u>6,234,949</u>	<u>(55,766,735)</u>
PROFIT/(LOSS) FOR THE YEAR - EXHIBIT B - 2			
		<u>0.017</u>	<u>(0.154)</u>
Basic earnings per share	21		

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UMM AL QAIWAIN CEMENT INDUSTRIES CO.
A PUBLIC SHAREHOLDING COMPANY
UMM AL QAIWAIN
UNITED ARAB EMIRATES

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2010

EXHIBIT B - 2

	<u>Notes</u>	<u>2010</u> <u>AED</u>	<u>2009</u> <u>AED</u>
Profit/(loss) for the year - Exhibit B - 1		6,234,949	(55,766,735)
<u>Other comprehensive income</u>			
<u>Changes in fair value of investment in shares available-for-sale:</u>			
Loss transferred to income statement on sale of investment in shares available-for-sale		-	15,577,167
Difference resulting from remeasurement of investment in shares available-for-sale	5	(117,122,123)	(66,943,914)
Impairment loss on investment in shares available-for-sale	19	5,004,385	40,254,731
<u>Net changes in fair value of investment in shares available-for-sale</u>		<u>(112,117,738)</u>	<u>(11,112,016)</u>
<u>TOTAL COMPREHENSIVE INCOME FOR THE YEAR - EXHIBIT C</u>		<u>(105,882,789)</u>	<u>(66,878,751)</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

UMM AL QAIWAIN CEMENT INDUSTRIES CO.
A PUBLIC SHAREHOLDING COMPANY
UMM AL QAIWAIN
UNITED ARAB EMIRATES

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2010

EXHIBIT C

	<u>Capital</u> <u>AED</u>	<u>Reserves</u> <u>AED</u>	<u>Changes in</u> <u>fair value of</u> <u>investment in shares</u> <u>AED</u>	<u>Land</u> <u>revaluation</u> <u>surplus</u> <u>AED</u>	<u>Retained</u> <u>earnings</u> <u>AED</u>	<u>Net</u> <u>AED</u>
Shareholders' equity at December 31, 2008	330,000,000	66,439,338	155,212,717	126,092,756	56,972,763	734,717,574
(Loss) for the year 2009 - Exhibit B - 1	--	--	--	--	(55,766,735)	(55,766,735)
Other comprehensive income	--	--	(11,112,016)	--	--	(11,112,016)
Total comprehensive income for the year - Exhibit B - 2	<u>--</u>	<u>--</u>	<u>(11,112,016)</u>	<u>--</u>	<u>(55,766,735)</u>	<u>(66,878,751)</u>
Issuance of bonus shares	33,000,000	--	--	--	(33,000,000)	--
Shareholders' equity at December 31, 2009 - Exhibit A	<u>363,000,000</u>	<u>66,439,338</u>	<u>144,100,701</u>	<u>126,092,756</u>	<u>(31,793,972)</u>	<u>667,838,823</u>
Profit for the year 2010 - Exhibit B - 1	--	--	--	--	6,234,949	6,234,949
Other comprehensive income	--	--	(112,117,738)	--	--	(112,117,738)
Total comprehensive income for the year - Exhibit B - 2	<u>--</u>	<u>--</u>	<u>(112,117,738)</u>	<u>--</u>	<u>6,234,949</u>	<u>(105,882,789)</u>
Transferred to reserves	--	623,495	--	--	(623,495)	--
Shareholders' equity at December 31, 2010 - Exhibit A	<u>363,000,000</u>	<u>67,062,833</u>	<u>31,982,963</u>	<u>126,092,756</u>	<u>(26,182,518)</u>	<u>561,956,034</u>

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UMM AL QAIWAIN CEMENT INDUSTRIES CO.
A PUBLIC SHAREHOLDING COMPANY
UMM AL QAIWAIN
UNITED ARAB EMIRATES

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

EXHIBIT D

	<u>2010</u>	<u>2009</u>
	<u>AED</u>	<u>AED</u>
Cash Flows from Operating Activities		
Profit(loss) for the year - Exhibit B-1	6,234,949	(55,766,735)
Adjustments for:		
Depreciation	5,246,662	5,345,104
End of service benefits obligation	94,381	26,690
Profit from investment in shares	(15,430,111)	(12,488,423)
Loss on sale of investment in shares available-for-sale	-	12,980,706
Impairment loss on investment in shares available-for-sale	5,004,385	40,254,731
Difference resulting from remeasurement of investment in shares held for trading	1,428,107	8,085,618
Foreign exchange	(1,967,019)	3,649,571
Bank interest	(2,267,697)	(1,210,513)
Board of directors' attendance fees	-	500,000
Employees' bonus	100,000	100,000
Finance costs	7,368	667,185
Operating (loss)/profit before working capital changes	<u>(1,548,975)</u>	<u>2,143,934</u>
Decrease in current assets	16,224,480	62,703,297
(Decrease) in current liabilities	<u>(9,431,907)</u>	<u>(30,174,159)</u>
Cash generated from operations	5,243,598	34,673,072
Finance costs paid	(7,468)	(667,335)
Net cash provided by operating activities	<u>5,236,130</u>	<u>34,005,737</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(12,797)	(461,595)
(Paid) investment in shares	(3,481,752)	(1,658,370)
Profit received from investment in shares	18,051,520	11,606,380
Bank interest received	2,045,302	1,055,491
Net cash provided by investing activities	<u>16,602,273</u>	<u>10,541,906</u>
Cash Flows from Financing Activities		
(Paid) to shareholders	(844,507)	(1,034,071)
(Paid) for bank loan	(1,666,660)	(20,000,004)
Total cash (used in) financing activities	<u>(2,511,167)</u>	<u>(21,034,075)</u>
Net Increase in cash and cash equivalents	19,327,236	23,513,568
Cash and cash equivalents at the beginning of the year	51,301,381	27,787,813
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR – Notes 2.8, 9 & Exhibit A	<u>70,628,617</u>	<u>51,301,381</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART
OF THESE FINANCIAL STATEMENTS

UMM AL QAIWAIN CEMENT INDUSTRIES CO.
A PUBLIC SHAREHOLDING COMPANY
UMM AL QAIWAIN
UNITED ARAB EMIRATES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

1. GENERAL INFORMATION:

Umm Al Qaiwain Cement Industries Co., a public shareholding company (hereinafter referred to as "the Company") was incorporated in Umm Al-Qaiwain by Amiri Decree number 2/82 on February 11, 1982.

The Company was duly registered with the competent governmental authorities according to the law of United Arab Emirates. The Company possess a factory for manufacturing and trading of cement. The activities of the Company are production and trading of cement and importing the raw materials required for production and trading. The Company is domiciled at Umm Al-Qaiwain, United Arab Emirates. The Company had started its commercial production after set-up and establishing the cement factory in October 1993.

The Company's lifetime period is unlimited, and commenced from February 11, 1982 which was being the date of the Amiri decree under which the Company was established.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

2.1 Financial statements preparation framework:

The financial statements of the Company have been presented in accordance with International Financial Reporting Standards and applicable requirements of UAE Federal Law No. 8 of 1984 (and its amendments) relating to commercial companies.

2.2 Basis of preparation:

The financial statements have been prepared on the historical cost basis except for the measurement of certain classes of assets and financial instruments at a basis other than the historical cost. The significant accounting policies are set out below.

2.3 Land:

The Company stated the land at cost, on which buildings, machinery and equipment of the factory are constructed thereon.

The port land was revaluated by independent evaluators. However, the Company decided to reevaluate the land by provisional rates less than the rates as at December 31, 2008 obtained by the independent evaluators.

The Company revaluates the land when a material difference between the fair value of the land and its carrying amount exists, then another revaluation is required. Any difference resulting from revaluation is recognized in shareholders' equity within land revaluation surplus account.

In the case of selling the revaluated land, any difference resulting from revaluation which was recognized previously in shareholders' equity within land revaluation surplus account, transferred to statement of income for the same period in which the sale occurred.

UMM AL QAIWAIN CEMENT INDUSTRIES CO.
A PUBLIC SHAREHOLDING COMPANY
UMM AL QAIWAIN
UNITED ARAB EMIRATES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010 (continued...)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued...)

2.4 Property, plant and equipment:

Property, plant and equipment are stated at cost less accumulated depreciation and any permanent impairment in value up to attached financial statements date.

The Company applies the straight-line method in depreciating its property, plant and equipment over their estimated useful lives. The estimated useful lives of assets are as follows:

<u>Asset category</u>	<u>Years</u>
Factory's buildings and plant	30
Labour accommodation building	10
Heavy equipment	7
Motor vehicles	4 – 3
Furniture, fixtures and office equipment	4
Protection covers & other equipments	10 – 1

Property, plant and equipment's carrying amount is reviewed as of each financial position date to determine whether it is carried at a value exceeding its realizable value. When the carrying amount exceeds the asset's realizable value, an impairment of property, plant and equipment is recognized.

Upon disposal of property, plant and equipment items, the cost of these assets and its related accumulated depreciation are eliminated from the books of account and any resulting gain or loss is recognized in the statement of income for the current year.

Maintenance, renewals and betterment expenses, which enhance the economic useful life of the property, plant and equipment or that improve the capacity, quality or reducing substantially the operating costs or general expenses are capitalized and recorded to the related property, plant and equipment account.

2.5 Investment in shares:

- The Company has classified its investment in shares into two categories. The first as available for sale and the second held for trading. This investment is initially recognized at cost being the fair value of the consideration given.
- After initial recognition, investment in shares are remeasured at fair value. The fair value of investment in shares is its market value.
- Any differences resulting from remeasurement of investment in shares available for sale are stated in statement of comprehensive income as changes in fair value of investment in shares.
- When investment in shares available-for-sale is sold, the excess or shortage, which was previously stated as changes in fair value of the investment in shares within shareholders' equity, through the statement of comprehensive income, is transferred to the statement of income in the current year.
- Any differences resulting from remeasurement of investment in shares held for trading are recognized in the statement of income for the current year.

UMM AL QAIWAIN CEMENT INDUSTRIES CO.
A PUBLIC SHAREHOLDING COMPANY
UMM AL QAIWAIN
UNITED ARAB EMIRATES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010 (continued...)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued...)

2.6 Inventories:

(i) Raw materials and finished products:

Raw materials are stated at the lower of cost or net realizable value, the cost being determined on average basis, and the net realizable value determined on the basis of estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Finished products are valued at lower of cost or net realizable value, the cost is being determined on average basis and the net realizable value determined on the basis of estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The cost of finished products includes direct materials, direct labours and manufacturing overhead except depreciation.

(ii) Spare parts and others:

Spare parts and others are stated at the lower of cost or net realizable value, cost is being determined on average basis.

2.7 Trade accounts receivable:

Trade accounts receivable are stated at the issued invoice amount.

2.8 Cash and cash equivalents:

Cash represents cash on hand and checking accounts with banks less bank overdraft balances that fluctuate from debit to credit during the year (if any). Cash equivalents represent all highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, which includes call deposits and fixed deposits with maturities of three months or less from the date of placement.

2.9 End of service benefits obligation:

End of service benefits obligation for the employees and labours are accounted for in accordance with the U.A.E. Federal Labour Law.

2.10 Trade accounts payable:

Trade accounts payable are stated at the received invoice amount.

2.11 Short-term employees' benefits (leave):

Short-term employees' benefits (leave) are accounted for on the basis of U.A.E. Federal Labour Law. The obligation is calculated individually for employee or labour on gross salary multiplied by the ratio of the number of days of vested benefits to 30 regular days per month.

UMM AL QAIWAIN CEMENT INDUSTRIES CO.
A PUBLIC SHAREHOLDING COMPANY
UMM AL QAIWAIN
UNITED ARAB EMIRATES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010 (continued...)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued...)

2.12 Provisions:

Provisions are present obligations (legal or constructive) resulted from past events, the settlement of the obligations is probable and the amount of those obligations can be estimated reliably. The amount recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the financial position date, that is, the amount that the Company would rationally pay to settle the obligation at the financial position date or to transfer it to a third party.

Provisions are reviewed and adjusted at each financial position date. If outflows, to settle the provisions, are no longer probable, reversal of the provision is recorded as income. Provisions are only used for the purpose for which they were originally recognized.

2.13 Impairment of financial assets:

Financial assets are assessed for indicators of impairment at each financial position date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial asset have been impacted.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collection payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance for doubtful accounts. When a trade receivable is considered uncollectible, it is written off against the allowance for doubtful accounts. Subsequent recoveries of amount previously written off are credited to other income. Changes in the carrying amount of the allowance account are recognized in the statement of income.

With the exception of available for sale investments, if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through the statement of income to the extent that the carrying amount of the investment, at the date the impairment is reversed, does not exceed what the amortized cost would have been had the impairment not been recognized.

In the case of investment in shares available-for-sale, significant or prolonged decline in the fair value of these investments, its cost is considered in determining whether the asset is impaired. If any such evidence exists for investment in shares available-for-sale, the cumulative loss measured as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognized in the statement of income is removed from shareholders' equity and recognized in the statement of income.

UMM ALQAIWAIN CEMENT INDUSTRIES CO.
A PUBLIC SHAREHOLDING COMPANY
UMM AL QAIWAIN
UNITED ARAB EMIRATES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010 (continued...)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (continued...)

2.14 Impairment of tangible assets:

At each financial position date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have been impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, being the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of asset's fair value less costs to sell and the value in use. The asset's fair value is the amount for which that asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. The value in use is the present value of the future cash flows expected to be derived from the asset. An impairment loss is recognized immediately in the statement of income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but the increased carrying amount due to reversal should not be more than what the depreciated historical cost would have been if the impairment had not been recognized in prior years. A reversal of an impairment loss is recognized immediately in the statement of income unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.15 Revenue recognition:

Cash sales are recognized upon the issuance of the cash invoices to customers. Credit sales are recorded by the Company when current products are delivered or shipped to customers assuming no further obligation remains on the part of the Company as a result of shipment of current products to customers. The interest on deposits are recognized on the accrual basis.

Income from investment in shares is recognized when the right to receive this income is established which is determined generally when cash is receivable from or upon official declaration of dividends by investees.

2.16 Foreign currency:

Assets and liabilities in foreign currencies are converted into U.A.E. Dirhams on the basis of exchange rates prevailing at financial statements date. Foreign currency transactions during the year are converted into Dirhams at actual exchange rates ruling at the time of these transactions. Exchange gains or losses resulting from variation in exchange rates are taken currently into statement of income for the current year.

2.17 Financial instruments:

A financial instrument is defined as any contract that gives rise to both a financial asset of the company and financial liability or equity investment of another enterprises. The Company's financial instruments are principally comprised of investment in shares, trade accounts receivable and others, cash and cash equivalents, end of service benefits obligation, trade accounts payable and others and unclaimed dividends.

UMM AL QAIWAIN CEMENT INDUSTRIES CO.
A PUBLIC SHAREHOLDING COMPANY
UMM AL QAIWAIN
UNITED ARAB EMIRATES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010 (continued...)

3. LAND:

- Land amounting to AED 159,932,441 as shown in Exhibit A includes land on which buildings, machinery and equipment of the factory is constructed, in addition to the port land. The port land was revaluated through an independent revaluation. The board of directors decided to revaluate the land by provisional rates less than rates obtained by the independent evaluators.

- The land shown above is owned by the Company and registered in the name of the Company with the competent Governmental authorities. The land has a surface area of 10,668,538 square feet.

4. PROPERTY, PLANT AND EQUIPMENT:

a) Property, plant and equipment are stated at cost less accumulated depreciation as follows:

	<u>Factory's buildings and plant</u>	<u>Labour accommodation building</u>	<u>Heavy equipment</u>	<u>Motor vehicles</u>	<u>Furniture, fixtures & office equipment</u>	<u>Protection covers & other equipments</u>	<u>Total AED</u>
<u>Cost:</u>	<u>AED</u>	<u>AED</u>	<u>AED</u>	<u>AED</u>	<u>AED</u>	<u>AED</u>	<u>AED</u>
As at January 1, 2010	113,138,731	598,612	884,500	357,500	989,702	1,004,673	116,973,718
Additions	6,500	--	--	--	5,404	893	12,797
Disposals	--	--	--	--	--	(19,700)	(19,700)
As at December 31, 2010	<u>113,145,231</u>	<u>598,612</u>	<u>884,500</u>	<u>357,500</u>	<u>995,106</u>	<u>985,866</u>	<u>116,966,815</u>
Accumulated Depreciation:							
As at January 1, 2010	78,102,569	598,592	574,280	345,825	713,307	1,001,044	81,335,617
Additions	5,010,108	--	103,400	11,615	117,142	4,397	5,246,662
Disposals	--	--	--	--	--	(19,700)	(19,700)
As at December 31, 2010	<u>83,112,677</u>	<u>598,592</u>	<u>677,680</u>	<u>357,440</u>	<u>830,449</u>	<u>985,741</u>	<u>86,562,579</u>
Carrying Amount:							
As at December 31, 2009 - Exhibit A	35,036,162	20	310,220	11,675	276,395	3,629	35,638,101
As at December 31, 2010 - Exhibit A	<u>30,032,554</u>	<u>20</u>	<u>206,820</u>	<u>60</u>	<u>164,657</u>	<u>125</u>	<u>30,404,236</u>

b) The Company's buildings, plant and equipment are constructed on part of the land shown in Note 3 above.

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5. INVESTMENT IN SHARES AVAILABLE-FOR-SALE:

a) The transactions over investment in shares available for sale are as follows:

	<u>2010</u>	<u>2009</u>
	<u>AED</u>	<u>AED</u>
Fair value of investment in shares at January 1	322,313,697	394,370,505
Differences resulting from remeasurement of investment in shares – Exhibit B - 2	(117,122,123)	(66,943,914)
Net movement during the year	--	(5,112,894)
Fair value of investment in shares at December 31 – Exhibit A	<u>205,191,574</u>	<u>322,313,697</u>

b) Investment in shares available-for-sale includes shares amounting to AED 4,834,100 mortgaged to bank against facilities.

6. INVESTMENT IN SHARES HELD-FOR-TRADING:

a) The transactions over investment in shares held for trading are as follows:

	<u>2010</u>	<u>2009</u>
	<u>AED</u>	<u>AED</u>
Fair value of investment in shares at January 1	103,444,399	103,771,109
Net movement during the year	2,433,165	7,758,908
Differences resulting from remeasurement of investment in shares – Exhibit B – 1	(1,428,107)	(8,085,618)
Fair value of investment in shares at December 31 – Exhibit A	<u>104,449,457</u>	<u>103,444,399</u>

b) Investment in shares held-for-trading includes shares amounting to AED 17,389,978 mortgaged to bank against facilities.

7. INVENTORIES:

Inventories are stated at net after deducting provision for decline in inventory prices. The details of this item are as follows:

	<u>2010</u>	<u>2009</u>
	<u>AED</u>	<u>AED</u>
Raw materials	4,636,520	7,009,212
Finished products	3,867,026	3,972,121
Spare parts	2,729,397	2,419,078
Packaging materials	542,817	916,269
Letters of credit	--	2,517
Goods in transit	78,577	--
Total	<u>11,854,337</u>	<u>14,319,197</u>
Less: Provision for decline in inventory prices	<u>(3,500,000)</u>	<u>(3,500,000)</u>
Net – Exhibit A	<u>8,354,337</u>	<u>10,819,197</u>

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8. TRADE ACCOUNTS RECEIVABLE AND OTHERS:

a) This item consists of the following:

	<u>2010</u>	<u>2009</u>
	<u>AED</u>	<u>AED</u>
Trade accounts receivable – Note 8 (b)	10,186,989	23,979,785
Notes receivable – Note 8 (c)	591,010	563,555
Other receivables – Note 8 (d)	<u>766,023</u>	<u>486,480</u>
Total – Exhibit A	<u>11,544,022</u>	<u>25,029,820</u>

b) **Trade accounts receivable:**

- Trade accounts receivable shown in Note 8 (a) above includes an amount of AED 6,818,563 being due from three main customers only, which constitutes 67% of the total balance thereof.
- The Company received bank guarantees as collateral from the customers amounting to AED 23,025,000.

c) **Notes receivable:**

Notes receivable shown in Note 8 (a) above amounting to AED 591,010 will be matured before the end of February 2011. These notes are received from two customers only.

d) **Other receivables:**

This item consists of the following:

	<u>2010</u>	<u>2009</u>
	<u>AED</u>	<u>AED</u>
Prepaid expenses	104,327	103,793
Receivables on investment in shares	92,341	40,914
Accrued interest	377,417	155,022
Other accounts receivable	<u>191,938</u>	<u>186,751</u>
Total – Note 8 (a) above	<u>766,023</u>	<u>486,480</u>

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9. CASH AND CASH EQUIVALENTS:

This item consists of the following:

	<u>2010</u> <u>AED</u>	<u>2009</u> <u>AED</u>
Petty cash	5,074	3,888
Cash on hand	3,525	44,288
Cash at banks – UAE	5,516,165	9,530,429
Cash at banks – Kuwait	7,530,850	2,494,824
Cash at bank – Qatar	20,140	20,140
Cash at bank – Oman	196,324	553,324
Overdrawn book balances of bank accounts – UAE	(643,461)	(593,007)
Short-term deposits with maturities of three months or less – UAE	<u>58,000,000</u>	<u>39,247,500</u>
Cash and cash equivalents – Exhibits A & D	<u><u>70,628,617</u></u>	<u><u>51,301,381</u></u>

10. SHAREHOLDERS' EQUITY:

a) **CAPITAL:**

The Company's capital consists of fully paid-up 363,000,000 shares of one Dirham par-value for each share.

b) **RESERVES:**

In accordance with the Company's Articles of Association, 10% of the profit for the year is to be deducted and retained in statutory reserve account and such appropriation shall be suspended when the reserve balance reaches an amount equal to 50% of the Company's paid-up capital. Such appropriation will be resumed whenever the reserve balance becomes less than 50% of the Company's paid-up capital. Another 10% of the profit for the year is to be deducted and retained in the voluntary reserve account. This appropriation was suspended by a resolution from the general assembly meeting based on the strength of proposal put forward by the Board of Directors. Funds accumulated in voluntary reserve are to be utilized for objects determined by the shareholders ordinary general meeting upon the recommendation of Board of Directors.

After deducting 10% of statutory reserves plus 5% for distribution of dividends to shareholders as a first proportion, a maximum sum of 10% of the remaining profit is allocated to pay the remuneration for the Board of Directors. The remaining net profit, thereafter, may be distributed to shareholders as additional proportion or carried forward to the next year or allocated to create unusual reserve funds according to what the Board of Directors may decide.

The movements on reserves are as follows:

	<u>Statutory</u> <u>reserve</u> <u>AED</u>	<u>Voluntary</u> <u>reserve</u> <u>AED</u>	<u>Total</u> <u>AED</u>
Balance at December 31, 2009 – Exhibit A	62,917,668	3,521,670	66,439,338
Transferred from 2010 profit	623,495	--	623,495
Balance at December 31, 2010 – Exhibit A	<u><u>63,541,163</u></u>	<u><u>3,521,670</u></u>	<u><u>67,062,833</u></u>

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11. END OF SERVICE BENEFITS OBLIGATION:

The movements over this item during the year are as follows:

	<u>2010</u> <u>AED</u>	<u>2009</u> <u>AED</u>
Balance at January 1	853,755	827,065
Current service cost	111,665	67,719
Payments	<u>(17,284)</u>	<u>(41,029)</u>
Balance at December 31 – Exhibit A	<u><u>948,136</u></u>	<u><u>853,755</u></u>

12. BANK LOAN:

a) The transactions over bank loan during the year were as follows:

	<u>2010</u> <u>AED</u>	<u>2009</u> <u>AED</u>
Balance at January 1	1,666,660	21,666,664
Installments paid during the year	<u>(1,666,660)</u>	<u>(20,000,004)</u>
Balance at December 31 – Exhibit A	<u><u>--</u></u>	<u><u>1,666,660</u></u>

b) The above loan has been secured against the guarantee of shares mortgaged with the bank with fair value of AED 22,224,078 as at December 31, 2010 (refer to Notes 5 (b) and 6 (b)).

13. TRADE ACCOUNTS PAYABLE AND OTHERS:

a) This item comprises of the following:

	<u>2010</u> <u>AED</u>	<u>2009</u> <u>AED</u>
Trade accounts payable	312,463	9,047,038
Other payables - Note 13 (b)	<u>1,459,396</u>	<u>2,399,598</u>
Total – Exhibit A	<u><u>1,771,859</u></u>	<u><u>11,446,636</u></u>

b) **Other payables:**

This item comprises of the following:

	<u>2010</u> <u>AED</u>	<u>2009</u> <u>AED</u>
Accrued commission for managing portfolio	654,390	--
Payables on investment in shares	--	997,160
Board of Directors attendance fees	--	500,000
Accrued expenses	117,192	124,744
Short-term employees benefits (leave)	446,202	515,166
Employees' bonus	100,000	100,000
Others	<u>141,612</u>	<u>162,528</u>
Total – Note 13 (a) above	<u><u>1,459,396</u></u>	<u><u>2,399,598</u></u>

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14. UNCLAIMED DIVIDENDS:

a) This item consists of the following:

	<u>2010</u>	<u>2009</u>
	<u>AED</u>	<u>AED</u>
Unclaimed dividends in arrears	24,244,447	25,088,954
Shareholding creditors resulting from reduction of capital – Note 14 (b)	<u>1,584,208</u>	<u>1,584,208</u>
Total – Exhibit A	<u><u>25,828,655</u></u>	<u><u>26,673,162</u></u>

b) The shareholding creditors' balance represents the outstanding balance resulting from reduction of the Company's capital during the year 1987 by 25%, from AED 260,000,000 to AED 195,000,000. These shareholding creditors did not claim for their amounts.

15. SALES:

The Company's sales amounting to AED 36,852,815 (AED 102,507,219 for 2009) as shown in Exhibit B-1 are local sales within UAE.

16. COST OF SALES:

a) This item consists of the following:

	<u>2010</u>	<u>2009</u>
	<u>AED</u>	<u>AED</u>
Wages	2,855,997	3,021,665
Raw materials	27,669,836	84,326,492
Electricity & water	3,548,557	5,298,014
Packaging materials	373,451	990,968
Manufacturing overhead	<u>1,204,200</u>	<u>1,750,089</u>
Production cost	35,652,041	95,387,228
Inventory adjustment	<u>105,096</u>	<u>2,206,322</u>
Cost of sales – Exhibit B -1	<u><u>35,757,137</u></u>	<u><u>97,593,550</u></u>

b) Closing inventory from finished products as of December 31, 2010 was measured at net realizable value which is less than the cost by an amount of AED 87,592.

17. OTHER INCOME:

This item consists of the following:

	<u>2010</u>	<u>2009</u>
	<u>AED</u>	<u>AED</u>
Bank interest	2,267,697	1,210,513
Sundry income	<u>3,770</u>	<u>569</u>
Total – Exhibit B -1	<u><u>2,271,467</u></u>	<u><u>1,211,082</u></u>

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18. PROFIT FROM INVESTMENT IN SHARES:

This item consists of the following:

	<u>2010</u>	<u>2009</u>
	<u>AED</u>	<u>AED</u>
Profit from sale of investment in shares	2,122,087	240,826
Dividend received	<u>13,308,024</u>	<u>12,247,597</u>
Total – Exhibit B -1	<u><u>15,430,111</u></u>	<u><u>12,488,423</u></u>

19. IMPAIRMENT LOSS ON INVESTMENT IN SHARES AVAILABLE-FOR-SALE:

During the year ended December 31, 2010, the market value of some of the Company's investment in shares available-for-sale and held for strategic purposes in other local companies' shares have declined. The Company allocated an amount of AED 5,004,385 as impairment loss on these investments complying with accounting policies pursued by the Company and according to the International Financial Reporting Standards, accordingly impairment loss has been removed from shareholders' equity (changes in fair value of investment in shares) through statement of comprehensive income and recognized within the statement of income.

20. ADMINISTRATIVE EXPENSES:

This item consists of the following:

	<u>2010</u>	<u>2009</u>
	<u>AED</u>	<u>AED</u>
Salaries & wages	1,434,494	1,482,908
Allowance for attendance of board of director's meeting	–	500,000
Employees' bonus	100,000	100,000
End of service benefits obligation	46,795	28,907
Short-term employees' benefits	120,847	113,833
Rent	117,339	98,033
Electricity & water	92,412	81,140
Professional fees	249,519	214,450
Air tickets	37,461	44,944
Sundry expenses	<u>643,937</u>	<u>732,779</u>
Total – Exhibit B -1	<u><u>2,842,804</u></u>	<u><u>3,396,994</u></u>

21. BASIC EARNINGS PER SHARE:

Basic earnings per share is determined by dividing the profit/(loss) for the year over the average number of shares outstanding of ordinary stock during the year.

For the year ended December 31, 2010, the profit is AED 6,234,949 (loss for the year ended December 31,2009 was amounting to AED 55,766,735) and the average number of the ordinary shares is 363,000,000 (the same number of shares in the previous year).

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22. SEGMENT INFORMATION:

The primary segment reporting format is determined to be business segment as the Company's risks and rate of return are affected predominantly by activity lines. The operating business are organized and managed separately according to the nature of activities, with each segment representing a strategic business unit that offer different business strategies.

The investment segment includes investment activities. The manufacturing segment includes the production and supply of cement. Segment revenue, segment expenses and segment result include transactions between business segments.

Business segments

The following table demonstrates revenues and profit information and certain assets and liabilities regarding business segments for the years ended December 31, 2009 and 2010.

	Total		2010		2009	
	2010 AED	2009 AED	Manufacturing AED	Investment AED	Manufacturing AED	Investment AED
Sales	36,852,815	102,507,219	36,852,815	--	102,507,219	--
Profit/(loss) from investment	13,232,335	(51,271,690)	--	13,232,335	--	(51,271,690)
Allocated expenses (Net)	(41,011,167)	(103,605,839)	(41,011,167)	--	(103,605,839)	--
Net segments results	9,073,983	(52,370,310)	(4,158,352)	13,232,335	(1,098,620)	(51,271,690)
Unallocated expenses	(2,839,034)	(3,396,425)				
Profit/(loss) for the year	6,234,949	(55,766,735)				
Segment assets	590,504,684	708,479,036	222,393,895	368,110,789	243,277,504	465,201,532
Segment liabilities	28,548,650	40,640,213	27,894,260	654,390	39,643,053	997,160
Other segment information						
Land revaluation surplus	126,092,756	126,092,756	126,092,756	--	126,092,756	--
(Loss) from available-for-sale investments	(117,122,123)	(66,943,914)	--	(117,122,123)	--	(66,943,914)
Capital expenditure (property, plant and equipment)	12,797	461,595	12,797	--	461,595	--
Depreciation (property, plant and equipment)	5,246,662	5,345,104	5,246,662	--	5,345,104	--

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22. SEGMENT INFORMATION: (continued...)

Company's geographical segments

The Company's geographical segments are based on the location of the Company's assets. The two geographical segments in which the Company operate comprise of UAE and GCC.

a) Assets distribution:

The following table shows the distribution of the Company's segment assets by geographical market:

	TOTAL		UAE		GCC	
	2010 AED	2009 AED	2010 AED	2009 AED	2010 AED	2009 AED
Assets	590,504,684	708,479,036	504,257,661	630,162,256	86,247,023	78,316,780

b) Investment in shares distribution:

The following table demonstrates investment in shares information, the geographical allocation and the nature of activities in which invested:

	Total		December 31, 2010		December 31, 2009	
	December 31, 2010 AED	December 31, 2009 AED	UAE AED	GCC AED	UAE AED	GCC AED
1) Investment in Shares Available-for-sale						
Banking sector	199,339,920	311,922,000	199,339,920	--	311,922,000	--
Finance and investment sector	3,758,482	8,027,826	3,758,482	--	8,027,826	--
Real estate sector	1,775,000	1,930,000	1,775,000	--	1,930,000	--
Industrial sector	318,172	433,871	318,172	--	433,871	--
Total	205,191,574	322,313,697	205,191,574	--	322,313,697	--
2) Investment in Shares Held-for-trading						
Banking sector	28,682,448	37,066,870	20,576,801	8,105,647	23,610,123	13,456,747
Finance and investment sector	18,093,278	19,104,622	--	18,093,278	--	19,104,622
Industrial sector	14,483,251	13,079,826	4,301,434	10,181,817	3,063,738	10,016,088
Real estate sector	18,999,995	12,108,291	309,155	18,690,840	575,960	11,532,331
Services sector	24,190,485	22,084,790	854,700	23,335,785	987,000	21,097,790
Total	104,449,457	103,444,399	26,042,090	78,407,367	28,236,821	75,207,578
Total Investment in shares	309,641,031	425,758,096	231,233,664	78,407,367	350,550,518	75,207,578

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23. RELATED PARTY TRANSACTION:

There are no transactions with related parties during the year ended December 31, 2010.

24. BENEFITS OF THE TOP MANAGEMENT AND MANAGERS:

The benefits of the top management members and managers are as follows:

	<u>2010</u>	<u>2009</u>
	<u>AED</u>	<u>AED</u>
Short term benefits	1,198,734	1,137,344
Allowance for attendance of Board of Director's meeting	--	500,000

25. FAIR VALUE OF FINANCIAL INSTRUMENTS:

International Financial Reporting Standards require the disclosure of estimated fair values of financial instruments where it is applicable to estimate that value. The use of different assumptions and estimation methods could have a significant effect on fair value amounts. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Company could realize in an active exchange market.

The carrying values of financial assets and liabilities classified in the statement of financial position within current assets and liabilities which measured at original cost approximate to their respective fair values due to short maturity periods.

26. RISK MANAGEMENT:

The Company monitors and manages the financial risks relating to its business and operations. These risks include: capital risk, market risk (including currency risk and price risk), liquidity risk and credit risk.

The Company seeks to minimize the effects of these risks by diversifying the sources of its capital. The Company maintains reports related to functions of risk management and manages, treats and observes risks and policies implemented to eliminate risk exposures.

(a) Capital risk:

Regularly, the Company reviews its capital structure which includes debt and equity securities and considers the cost of capital and the risks associated with each class of the capital. The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders though the optimization of the debt and equity balance.

(b) Foreign currency risk:

Foreign currency risk is defined as a risk resulting from the fluctuation in the value of financial instruments as a result of changes in the foreign currency exchange rate. On the date of the financial statements, the Company maintained recognized financial instruments which are exposed to the foreign currency risk that may cause a change in the related cash flow amounts as a result of the fluctuation of foreign currency exchange rates.

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26. RISK MANAGEMENT: (continued...)

b) Foreign currency risk: (continued...)

The details of the recognized financial instruments in foreign currencies stated in the attached statement of financial position as of December 31, 2010 are as follows:

<u>Description</u>	<u>Type of foreign currency</u>	<u>Carrying value in UAE Dirham</u>
Cash at bank – Oman	OMR	196,324
Cash at bank – Qatar	QR	20,140
Cash at banks – Kuwait	KD	7,530,850
Investment in shares – Kuwait	KD	66,537,656
Investment in shares – Oman	OMR	9,102,492
Investment in shares – Saudi Arabia	SAR	2,767,219

(c) Interest rate risk:

The Company is exposed to interest rate risk resultant from its borrowings. The risk is managed by maintaining an appropriate mix between fixed and floating interest rates balances at the start of the financial year.

(d) Market risk:

Market risk is defined as the risk which causes fluctuation in financial instruments value as a result of change in market prices. International Financial Reporting Standards require disclosure of the financial instruments that are exposed to fluctuation in its value as a result of change in its market prices. The financial instruments that expose the Company to market price fluctuation risk as at December 31, 2010 comprise of investment in shares amounting to AED 309,641,031.

(e) Liquidity risk:

The Company's Board of Directors adopted an appropriate liquidity risk management framework as the responsibility of liquidity risk management rests with the Board of Directors. The Company manages liquidity risk by maintaining adequate reserves by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The following table shows the maturity dates of the Company's financial assets and financial liabilities as of December 31, 2009 & 2010. The contractual maturity of financial instruments was determined upon the remaining maturity period of financial instrument from the statement of financial position date as follows:

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26. RISK MANAGEMENT: (continued...)

e) Liquidity risk:(continued...)

As at December 31, 2010	1 - 90	91-180	181-365	More than one	Total
	days	days	days	year	AED
	AED	AED	AED	AED	AED
Financial assets					
Investment in shares available for sale	--	--	--	205,191,574	205,191,574
Investment in shares held for trading	104,449,457	--	--	--	104,449,457
Trade accounts receivable and others	6,167,403	4,247,909	1,024,383	--	11,439,695
Cash and cash equivalents	70,628,617	--	--	--	70,628,617
Total	181,245,477	4,247,909	1,024,383	205,191,574	391,709,343
Financial liabilities					
End of service benefits obligation	--	--	--	948,136	948,136
Trade accounts payable and others	1,771,859	--	--	--	1,771,859
Unclaimed dividends	25,828,655	--	--	--	25,828,655
Total	27,600,514	--	--	948,136	28,548,650
As at December 31, 2009	1 - 90	91-180	181-365	More than one	Total
	days	days	days	year	AED
	AED	AED	AED	AED	AED
Financial assets					
Investment in shares available for sale	--	--	--	322,313,697	322,313,697
Investment in shares held for trading	103,444,399	--	--	--	103,444,399
Trade accounts receivable and others	14,717,263	9,933,734	275,030	--	24,926,027
Cash and cash equivalents	51,301,381	--	--	--	51,301,381
Total	169,463,043	9,933,734	275,030	322,313,697	501,985,504
Financial liabilities					
End of service benefits obligation	--	--	--	853,755	853,755
Bank loan	1,666,660	--	--	--	1,666,660
Trade accounts payable and others	11,446,636	--	--	--	11,446,636
Unclaimed dividends	26,673,162	--	--	--	26,673,162
Total	39,786,458	--	--	853,755	40,640,213

(f) Credit risk:

International Financial Reporting Standards require disclosure of information about the Company's exposure to credit risk.

The financial instruments that potentially subject the Company to concentrations of credit risk consist principally of trade accounts receivable and notes receivable.

The Company's customer base is dispersed across a relatively small number of retailers and distributors. The Company generally requires its main customers to provide bank guarantees as a security for their purchase of cement. As of December 31, 2010, the Company has in its possession a total of AED 23,025,000 (refer to Note 8 (b)) being bank guarantees received from various customers against trade facilities extended to them.

The bank deposits as at December 31, 2010 amounting to AED 58,000,000 are placed with a bank with good creditworthiness from the management's point of view.

The interest rates received by the Company on its bank deposits ranges between 3.50% - 4.50% annually.

UMM AL QAIWAIN CEMENT INDUSTRIES CO.
A PUBLIC SHAREHOLDING COMPANY
UMM AL QAIWAIN
UNITED ARAB EMIRATES
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27. CONTINGENT LIABILITIES:

Contingent liabilities as of the financial position date comprises of bank guarantees amounting to AED 160,590.

28. The Company is engaged in the activity of investment in shares as of the statement of financial position date. However, the Company's Articles of Association has not been modified yet to allow with respect to the activity of investment in shares.

29. APPROVAL OF THE FINANCIAL STATEMENTS:

These financial statements have been approved by the Company's Board of Directors for issue on February 15, 2011.

30. GENERAL:

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