

**ABU DHABI NATIONAL COMPANY
FOR BUILDING MATERIALS
BILDCO (PJSC)
ABU DHABI
DECEMBER 31, 2004
CONSOLIDATED**

ABU DHABI NATIONAL COMPANY FOR BUILDING MATERIALS

BILDCO (PJSC)

ABU DHABI

AUDITORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2004

ABU DHABI NATIONAL COMPANY FOR BUILDING MATERIALS

BILDCO (PJSC)

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(B/A 1077)

Abu Dhabi : February 13,2005

Messrs.
Abu Dhabi National Company
For Building Materials,
BILDCO (PJSC),
Abu Dhabi,
United Arab Emirates.

We have audited the consolidated balance sheet of Messrs. Abu Dhabi National Company for Building Materials - BILDCO (PJSC), Abu Dhabi , as at December 31, 2004, and the related statements of income, changes in equity and cash flows for the year then ended . These financial statements are the responsibility of the Company's management. 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement . An audit includes examining , on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management , as well as evaluating the overall financial statements presentation . We believe that our audit provides a reasonable basis for our opinion .

In our opinion ,the attached consolidated financial statements present fairly, in all material respects , the financial position of Messrs. Abu Dhabi National Company for Building Materials – BILDCO (PJSC), Abu Dhabi, as at December 31, 2004, and the results of its operations, changes in equity and cash flows for the year then ended, in conformity with International Accounting Standards .

We also confirm that , in our opinion , proper records of accounts have been kept by the Company, physical count of inventories was carried out in accordance with established principles, and the contents are in agreement with the records , The above mentioned financial statements comply with the Companies Act No. 8 year 1984 (as amended) and the Articles of Association , and to the best of our knowledge and belief no violations of the Articles of Association of the Company have occurred during the year which would have had a material effect on the business of the Company or on its financial position .

Abdul Majid Hamadeh & Co.
Managing Partner
Omar Hamadeh
Auditors' Registration – No.(3)

ABU DHABI NATIONAL COMPANY FOR BUILDING MATERIALS

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CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2004

ASSETS		2004	2003
CURRENT ASSETS	Notes	Dirhams	Dirhams
Cash and banks		24,136	94,883
Postdated cheques (in hand)		57,498,153	25,081,692
Accounts receivable	3	176,826,436	78,838,777
Other debit balances		2,917,133	7,635,693
Inventories	4	98,051,496	48,357,720
Total current assets		335,317,354	160,008,765
Investment in securities		36,922,524	30,916,918
Investment - (Port Saeed)		83,325	83,325
Fixed assets	5	23,770,283	28,059,405
Total assets		396,093,486	219,068,413
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Bank overdrafts		54,361,066	55,905,714
Bills payable		89,463,108	30,102,687
Emirates industrial Bank loans		--	4,725,000
Accounts payable		118,970,035	48,108,946
Dividends payable		194,830	56,910
Rent received in advance		330,868	231,617
Accruals		3,647,247	1,938,923
Other credit balances		3,024,885	654,882
Total current liabilities		269,992,039	141,724,679
Provision for indemnity		1,851,084	1,562,583
Total liabilities		271,843,123	143,287,262
SHAREHOLDERS' EQUITY			
Authorised and paid up capital - (2,400,000 ordinary shares), Dhs. 10 per share		24,000,000	24,000,000
Reserves	6	46,344,401	37,763,527
Reserve of fair value	7	15,717,227	4,010,125
Retained earnings		21,482,487	2,158,989
Proposed dividends	8	12,000,000	4,800,000
Total shareholders' equity		119,544,115	72,732,641
Minority interest	9	4,706,248	3,048,510
Total equity		124,250,363	75,781,151
Total liabilities and equity		396,093,486	219,068,413

The attached notes form an integral part of these statements
 Chairman Managing Director

ABU DHABI NATIONAL COMPANY FOR BUILDING MATERIALS

BILDCO (PJSC)

ABU DHABI

CONSOLIDATED PROFIT APPROPRIATION STATEMENT FOR THE YEAR ENDED

DECEMBER 31, 2004

		2004		2003
	Note	Dirhams	Dirhams	Dirhams
Retained earnings		2,158,989		67,659
Earnings for the year		42,904,372		9,401,664
Total earnings			45,063,361	9,469,323
Less : appropriation				
Legal reserve	6	4,290,437		940,167
Statutory reserve	6	4,290,437		940,167
Proposed dividends	8	12,000,000		4,800,000
Directors' remuneration		3,000,000		630,000
			23,580,874	7,310,334
Retained earnings transferred to the balance sheet			21,482,487	2,158,989

The attached notes form an integral part of these statements

ABU DHABI NATIONAL COMPANY FOR BUILDING MATERIALS

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CONSOLIDATED STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2004

	Notes	2004		2003
		Dirhams	Dirhams	Dirhams
Sales		504,825,191		207,070,567
Less : cost of sales		450,227,455		183,567,757
Gross income			54,597,736	23,502,810
Income from securities			13,929,966	1,166,653
Income from rent			813,468	829,478
Port Saeed investment dividends			19,992	70,189
Other income			537,695	384,357
Total gross income			69,898,857	25,953,487
LESS : EXPENSES AND PROVISIONS				
Selling and distribution expenses		6,792,862		4,516,522
General and administrative expenses		8,402,245		6,016,395
Depreciation		1,023,523		1,276,234
Reduction in Port Saeed Investment		--		229,675
Provision for inventory		204,901		--
Provision for doubtful debts		3,314,588		1,012,514
Total expenses and provisions			19,738,119	13,051,340
Net income before bank interest			50,160,738	12,902,147
Bank interest			(3,253,253)	(1,954,749)
Net income before management remuneration			46,907,485	10,947,398
Management remuneration	10		(2,345,374)	(547,370)
Net earnings for the year			44,562,111	10,400,028
Minority share			(1,657,739)	(998,364)
Net earnings transferred to statement of changes in equity			42,904,372	9,401,664
Earnings per share	11		17,88	3,92

The attached notes form an integral part of these statement

ABU DHABI NATIONAL COMPANY FOR BUILDING MATERIALS

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED

DECEMBER 31, 2004

	Capital	Reserves	Reserve of fair value	Accumulated earnings	Proposed dividends	Total
	Dirhams	Dirhams	Dirhams	Dirhams	Dirhams	Dirhams
Balance at January 1, 2003	24,000,000	35,883,193	--	67,659	4,800,000	64,750,852
Earnings for the year 2003	--	--	--	9,401,664	--	9,401,664
Dividends paid	--	--	--	--	(4,800,000)	(4,800,000)
Securities valuation reserve	--	--	4,010,125	--	--	4,010,125
Transfer to reserves	--	1,880,334	--	(1,880,334)	--	--
Proposed dividends	--	--	--	(4,800,000)	4,800,000	--
Directors' remuneration	--	--	--	(630,000)	--	(630,000)
Balance at December 31, 2003	24,000,000	37,763,527	4,010,125	2,158,989	4,800,000	72,732,641
Earnings for the year 2004	--	--	--	42,904,372	--	42,904,372
Dividends paid	--	--	--	--	(4,800,000)	(4,800,000)
Reserve of fair value	--	--	11,707,102	--	--	11,707,102
Transfer to reserves	--	8,580,874	--	(8,580,874)	--	--
Proposed dividends	--	--	--	(12,000,000)	12,000,000	--
Directors' remuneration	--	--	--	(3,000,000)	--	(3,000,000)
Balance at December 31, 2004	24,000,000	46,344,401	15,717,227	21,482,487	12,000,000	119,544,115

The attached notes form an integral part of these statements

ABU DHABI NATIONAL COMPANY FOR BUILDING MATERIALS

BILDCO (PJSC)

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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED

DECEMBER 31, 2004

	2004	2003
	Dirhams	Dirhams
CASH FLOWS FROM OPERATING ACTIVITIES		
Net earnings	42,904,372	9,401,664
Depreciation	5,981,937	6,022,023
Provisions	288,501	218,317
Gains on sale of fixed assets	(34,000)	(137,203)
Minority share of Bildco Cement Products profit	1,657,739	998,364
Reduction in securities (Port Saeed)	--	229,675
CHANGES IN WORKING CAPITAL		
Postdated cheques (in hand)	(32,416,461)	(14,737,551)
Accounts receivable	(97,741,019)	(29,147,934)
Other debit balances	4,471,920	(3,512,804)
Inventories	(49,693,776)	(26,375,128)
Accounts payable	70,999,009	28,500,104
Rent received in advance	99,251	14,964
Accruals and other credit balances	1,078,327	969,053
Net cash (used in) operating activities	(52,404,200)	(27,556,456)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(1,762,612)	(1,384,058)
Disposals of fixed assets	103,796	183,050
Investment in securities	5,701,496	(2,976,519)
Net cash from (used in) investing activities	4,042,680	(4,177,527)
CASH FLOWS FROM FINANCING ACTIVITIES		
Bank overdrafts and bills payable	57,815,773	37,245,359
Emirates industrial Bank loans	(4,725,000)	(4,275,000)
Dividends paid	(4,800,000)	(4,800,000)
Net cash from financing activities	48,290,773	28,170,359
Net (decrease) in cash	(70,747)	(3,563,624)
Cash at beginning of the year	94,883	3,658,507
Cash at end of the year	24,136	94,883

The attached notes form an integral part of these statements

ABU DHABI NATIONAL COMPANY FOR BUILDING MATERIALS

BILDCO (PJSC)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - DECEMBER 31, 2004

1- LEGAL STATUS AND ACTIVITIES : -

Abu Dhabi National Company For Building Materials - BILDCO (PJSC) (the Company) is incorporated in Abu Dhabi by Amiri Decree No. 5 for the year 1974.

The main activities of the Company are general trading, acting as agents, representatives of various trading agencies and companies and investing in the industrial enterprises .

These financial statements include the result of operations, assets and liabilities of the Company and its subsidiaries : -

- Bildco Cement Products – LLC, the Company owns 80 % of its capital and the Emirates Industrial Bank 20% . The main activities are to produce and sell block, kerbstone and interlocking paving stones.
- Bildco Reinforcing Steel Services fully owned by the Company, its main activity is fabrication of reinforcing steel.

2- SIGNIFICANT ACCOUNTING POLICIES : -

a) ACCOUNTING CONVENTION :

The financial statements have been prepared under the historical cost convention.

b) Basis of consolidation :

These financial statements consolidate the accounts of the Company and its subsidiaries as listed in note No. 1.
Significant inter-transactions and account- balances with subsidiaries have been eliminated on consolidation .

ABU DHABI NATIONAL COMPANY FOR BUILDING MATERIALS

BILDCO (PJSC)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS –DECEMBER 31, 2004

c) **FIXED ASSETS :**

Fixed assets are stated at cost and depreciated on a straight line method over their expected useful lives at the following rates :-

Machinery and equipment	10 %
Motor vehicles	33.3 %
Furniture and fixtures & office equipment	25 %
Caravans	25 %
Buildings	8.33 % - 10 %
Moulds	AED 0.50 for each machine cycle

d) **INVENTORIES :**

Inventories are stated at the lower of cost and net realisable value in accordance with “ weighted average method ”. Finished products cost includes : raw materials, wages and manufacturing overhead.

e) **LEAVE AND INDEMNITY :**

Leave and indemnity are computed according to Federal Law No. 8 year 1980 , (as amended) which regulates labour relations in United Arab Emirates .

ABU DHABI NATIONAL COMPANY FOR BUILDING MATERIALS

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - DECEMBER 31, 2004

f) INVESTMENT IN SECURITIES :

- Available – for – sale investments

Investments available - for - sale are initially recognized at cost, being the fair value of the consideration given including all acquisition costs associated with investments.

After initial recognition available for sale investments are re-measured at fair value. Unrealised gains and losses are reported as a separate component of equity until the investment is de-recognized or the investment is determined to be impaired. On de-recognition or impairment the cumulative gain or loss previously reported in equity, along with any transition adjustment to retained earnings arising from the adoption of IAS 39, is included in the consolidated statement of income for the year.

- Foreign Securities

Foreign securities are recorded at cost, valued at the end of financial year , according to information available, any differences raised at value are included in the statement of income for the year.

g) REVENUE :

Revenue comprises the amounts derived from sale of goods and provision of services falling within the Company's ordinary activities, after deduction of sales return and trade discount. Revenue from sales of goods and provision of services is recognised on the delivery of goods and rendering of services to customers . Dividends are recognised when received.

h) FOREIGN CURRENCIES :

Foreign currencies transactions are converted into Dirhams at prevailing rate of exchange on the date of transaction. Monetary assets and liabilities stated in foreign currency as at the balance sheet date are converted into Dhirams at the rate of exchange prevailing at that time. Gains or losses on conversion are included in the income statement.

ABU DHABI NATIONAL COMPANY FOR BUILDING MATERIALS

BILDCO (PJSC)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - DECEMBER 31, 2004

3 - ACCOUNTS RECEIVABLE : -

	2004	2003
	Dirhams	Dirhams
Trade debtors	182,137,926	85,258,665
Less : Provision for doubtful debts	(5,311,490)	(6,419,888)
	176,826,436	78,838,777

4 – INVENTORIES : -

	2004	2003
	Dirhams	Dirhams
Trading goods	92,505,238	43,808,363
Raw materials	2,558,595	2,207,071
Finished goods	3,181,204	2,592,656
Others	1,011,360	749,630
	99,256,397	49,357,720
Provision for slow moving items	(1,204,901)	(1,000,000)
	98,051,496	48,357,720

ABU DHABI NATIONAL COMPANY FOR BUILDING MATERIALS

BILDCO (PJSC)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - DECEMBER 31, 2004

6 - RESERVES : -

	Legal reserve	Statutory reserve	Total
	Dirhams	Dirhams	Dirhams
Balance 1/1/2003	35,270,238	612,955	35,883,193
Reserves 2003	940,167	940,167	1,880,334
Balance 31/12/2003	36,210,405	1,553,122	37,763,527
Reserves 2004	4,290,437	4,290,437	8,580,874
Balance December 31,2004	40,500,842	5,843,559	46,344,401

- Legal reserve

Ten per cent of the Company net profit should be deducted annually to create a legal reserve. The general assembly may stop deduction if the legal reserve reaches one half of the Company paid up capital. This reserve may not be distributed to the shareholders.

- Statutory reserve

The Company articles provide for setting aside ten per cent of the Company net profit to create a statutory reserve. The general assembly may stop deduction if the statutory reserve reaches twice of the Company paid up capital. This reserve may be used to the purposes decided by the ordinary general assembly.

7 - RESERVE OF FAIR VALUE

Available for sale investments are re-measured at the balance sheet date, unrealised gains are shown as a separate component of equity.

ABU DHABI NATIONAL COMPANY FOR BUILDING MATERIALS

BILDCO (PJSC)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - DECEMBER 31, 2004

8 – PROPOSED DIVIDENDS

The board of directors has proposed a dividend of AED 5 per share (2003 – AED 2 per share) AED 12,000,000 (2003 – AED 4,800,000) which is subject to the approval of the shareholders at the annual general assembly .

9 – MINORITY INTEREST

Minority interest represents the share of Emirates Industrial Bank which is 20 % of equity of Bildco Cement Products, subsidiary Company .

10 – MANAGEMENT REMUNERATION : -

Management remuneration represents 5% of the net profit for the general manager, as per the agreement signed from the chairman and the general manager.

11 – EARNINGS PER SHARE : -

The calculation of earnings per share for the year ended December 31,2004 is based on earnings of AED 42,904,372 divided by the number of ordinary shares of 2,400,000 . Earnings per share AED 17,88 (against AED 3,92 for 2003)

ABU DHABI NATIONAL COMPANY FOR BUILDING MATERIALS

BILDCO (PJSC)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - DECEMBER 31, 2004

12 – FINANCIAL INSTRUMENTS : -

Financial instruments of the Company include cash and banks, postdated cheques (in hand), accounts receivable, investment in securities, bank overdrafts, bills payable, accounts payable and accrued expenses.

– CREDIT RISK :

Cash is deposited in local commercial banks. Credit risk on receivables is limited as receivables are shown net of provision for bad and doubtful debts .

– FAIR VALUE :

The fair value of the Company's financial instruments are not materially different from their carrying amounts.

13 – EMPLOYEES : -

The Company has (275) employees as at December 31,2004. (249 employees at December 2003).

15 - CONTINGENT LIABILITIES : -

	2004	2003
	Dirhams	Dirhams
Letters of credit	98,071,768	23,741,569
Letters of guarantee	16,112,560	15,078,800
	114,184,328	38,820,369

ABU DHABI NATIONAL COMPANY FOR BUILDING MATERIALS

BILDSCO (PJSC)

ABU DHABI

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - DECEMBER 31, 2004

5 - FIXED ASSETS : -

	Machinery and Equipment	Buildings and Caravans	Motor vehicles	Furniture and decoration	Company building	Plant and equipment	Moulds	Total
COST	Dirhams	Dirhams	Dirhams	Dirhams	Dirhams	Dirhams	Dirhams	Dirhams
Balance 1/1/2004	32,714,440	14,593,758	1,627,000	3,093,655	7,057,594	1,373,152	3,164,565	63,624,164
Additions	426,935	151,950	263,000	191,908	--	92,000	636,819	1,762,612
Disposals	(150,000)	--	(114,000)	--	--	--	--	(264,000)
	32,991,375	14,745,708	1,776,000	3,285,563	7,057,594	1,465,152	3,801,384	65,122,776
DEPRECIATION								
Balance 1/1/2004	16,476,389	7,595,700	1,051,399	2,885,283	4,635,163	767,731	2,154,192	35,565,857
Charge for the year	3,079,927	1,016,839	251,339	153,407	273,878	215,160	991,387	5,981,937
Disposals	(81,301)	--	(114,000)	--	--	--	--	(195,301)
	19,475,015	8,612,539	1,188,738	3,038,690	4,909,041	982,891	3,145,579	41,352,493
Net book value December 31, 2004	13,516,360	6,133,169	587,262	246,873	2,148,553	482,261	655,805	23,770,283
Net book value December 31,2003	16,238,164	6,998,178	575,690	208,403	2,423,176	605,421	1,010,373	28,059,405

