

**ABU DHABI NATIONAL COMPANY  
FOR BUILDING MATERIALS  
BILDCO (PJSC)  
ABU DHABI  
DECEMBER 31, 2007  
CONSOLIDATED**

**ABU DHABI NATIONAL COMPANY FOR BUILDING MATERIALS**

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**BILDCO (PJSC)**

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**ABU DHABI**

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**AUDITORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**

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**DECEMBER 31, 2007**

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**ABU DHABI NATIONAL COMPANY FOR BUILDING MATERIALS**

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**BILDCO (PJSC)**

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(B/A 1077)

Abu Dhabi : February 5,2008

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, 2007, 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, 2007, and the results of its operations, changes in equity and cash flows for the year then ended, in conformity with International Financial Reporting 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 of the report of the Board of Directors relating to these consolidated financial statements are in agreement with the accounting 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.  
Partner: Omar Hamadeh  
Auditors' Registration – No.(3)

**ABU DHABI NATIONAL COMPANY FOR BUILDING MATERIALS**

**BILDCO (PJSC)**

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**CONSOLIDATED BALANCE SHEET AS AT DECEMBER 31, 2007**

ASSETS		2007	2006
CURRENT ASSETS	Notes	Dirhams	Dirhams
Cash and banks		36,231,669	213,195,375
Postdated cheques (in hand)		141,371,147	95,498,916
Accounts receivable	3	264,438,121	261,042,977
Other debit balances		5,761,518	16,751,401
Inventories	4	167,056,743	187,167,049
<b>Total current assets</b>		<b>614,859,198</b>	<b>773,655,718</b>
Investment in securities		317,442,805	226,726,431
Other investments		6,083,325	6,083,325
Fixed assets under construction	5	48,724,373	--
Fixed assets	6	26,058,571	25,396,041
<b>Total assets</b>		<b>1,013,168,272</b>	<b>1,031,861,515</b>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Bank overdrafts		56,506,435	32,640,612
Bills payable		234,190,200	354,824,967
Accounts payable		170,419,020	125,982,924
Dividends payable		1,455,161	978,331
Rent received in advance		337,846	356,380
Accruals		5,664,755	5,955,542
<b>Total current liabilities</b>		<b>468,573,417</b>	<b>520,738,756</b>
Provision for indemnity		3,167,209	2,638,516
<b>Total liabilities</b>		<b>471,740,626</b>	<b>523,377,272</b>
<b>SHAREHOLDERS' EQUITY</b>			
Share capital	7	300,000,000	300,000,000
Treasury shares	8	(62,600,009)	(62,600,009)
Reserves	9	266,898,563	255,387,619
Reserve of fair value	10	(12,748,800)	(61,524,123)
Retained earnings		1,199,129	405,351
Proposed dividends	11	42,750,000	71,250,000
<b>Total shareholders' equity</b>		<b>535,498,883</b>	<b>502,918,838</b>
Minority interest	13	5,928,763	5,565,405
<b>Total equity</b>		<b>541,427,646</b>	<b>508,484,243</b>
<b>Total liabilities and equity</b>		<b>1,013,168,272</b>	<b>1,031,861,515</b>

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 STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2007**

	Notes	2007		2006
		Dirhams	Dirhams	Dirhams
Sales		1,184,736,979		827,598,555
Less : cost of sales		(1,096,759,434)		(754,785,523)
Gross income			87,977,545	72,813,032
Income from securities			30,732,274	28,381,340
Income from rent			1,084,036	983,814
Other income			5,637,279	12,442,032
Total gross income			125,431,134	114,620,218
<b>LESS : EXPENSES AND PROVISIONS</b>				
Selling and distribution expenses		13,477,170		9,123,994
General and administrative expenses		15,824,938		12,360,750
Depreciation		1,682,424		1,340,768
Provision for doubtful debts		5,400,000		--
Total expenses and provisions			36,384,532	22,825,512
Net income before bank interest			89,046,602	91,794,706
Bank interest			(28,645,059)	(14,068,212)
Net income before management remuneration			60,401,543	77,726,494
Management remuneration	12		(1,483,463)	(2,467,258)
Net earnings for the year			58,918,080	75,259,236
Minority share	13		(1,363,358)	(1,046,301)
Net earnings transferred to statement of changes in equity			57,554,722	74,212,935
Earnings per share	14		0,19	0,25

The attached notes form an integral part of these statements

**ABU DHABI NATIONAL COMPANY FOR BUILDING MATERIALS**

**BILDCO (PJSC)**

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**CONSOLIDATED PROFIT APPROPRIATION STATEMENT FOR THE YEAR ENDED**

**DECEMBER 31, 2007**

		2007		2006
	Notes	Dirhams	Dirhams	Dirhams
Retained earnings		405,351		15,285,004
Earnings for the year		57,554,722		74,212,935
Total earnings			57,960,073	89,497,939
Less : proposed appropriation				
Legal reserve	9	5,755,472		7,421,294
Statutory reserve	9	5,755,472		7,421,294
Directors' remuneration		2,500,000		3,000,000
Proposed dividends	11	42,750,000		71,250,000
			56,760,944	89,092,588
Retained earnings transferred to the balance sheet			1,199,129	405,351

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 CHANGES IN EQUITY FOR THE YEAR ENDED**

**DECEMBER 31, 2007**

	Capital	Treasury Shares	Reserves	Reserve of fair value	Accumulated earnings	Proposed dividends	Total
	Dirhams	Dirhams	Dirhams	Dirhams	Dirhams	Dirhams	Dirhams
Balance at January 1,2006	200,000,000	--	340,545,031	24,565,599	15,285,004	60,000,000	640,395,634
Treasury shares	--	(62,600,009)	--	--	--	--	(62,600,009)
Bonus shares	100,000,000	--	(100,000,000)	--	--	--	--
Earnings for the year 2006	--	--	--	--	74,212,935	--	74,212,935
Transfer to reserves	--	--	14,842,588	--	(14,842,588)	--	--
Dividends paid	--	--	--	--	--	(60,000,000)	(60,000,000)
Directors' remuneration	--	--	--	--	(3,000,000)	--	(3,000,000)
Reserve of fair value	--	--	--	(86,089,722)	--	--	(86,089,722)
Proposed dividends	--	--	--	--	(71,250,000)	71,250,000	--
Balance at December 31,2006	300,000,000	(62,600,009)	255,387,619	(61,524,123)	405,351	71,250,000	502,918,838
Earnings for the year 2007	--	--	--	--	57,554,722	--	57,554,722
Transfer to reserves	--	--	11,510,944	--	(11,510,944)	--	--
Dividends paid	--	--	--	--	--	(71,250,000)	(71,250,000)
Directors' remuneration	--	--	--	--	(2,500,000)	--	(2,500,000)
Reserve of fair value	--	--	--	48,775,323	--	--	48,775,323
Proposed dividends	--	--	--	--	(42,750,000)	42,750,000	--
Balance at December 31,2007	300,000,000	(62,600,009)	266,898,563	(12,748,800)	1,199,129	42,750,000	535,498,883

The attached notes form an integral part of these statements



**ABU DHABI NATIONAL COMPANY FOR BUILDING MATERIALS**

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**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED**

**DECEMBER 31, 2007**

	2007	2006
	Dirhams	Dirhams
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net earnings	57,554,722	74,212,935
Depreciation	6,236,335	6,887,379
Provisions	528,693	259,924
Gains on sale of fixed assets	--	(89,999)
Minority share of Bildco Cement Products profit	1,363,358	1,046,301
<b>CHANGES IN WORKING CAPITAL</b>		
Postdated cheques (in hand)	(45,872,231)	(20,754,952)
Accounts receivable	(3,395,144)	(38,987,939)
Other debit balances	10,989,883	(13,946,127)
Inventories	20,110,306	(89,502,339)
Accounts payable	44,912,928	17,402,942
Rent received in advance	(18,534)	205,296
Accruals and other credit balances	(2,790,787)	(5,627,644)
Net cash from (used in) operating activities	89,619,529	(68,894,223)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(11,347,351)	(6,405,559)
Assets under construction	(48,724,373)	--
Disposals of fixed assets	4,448,483	92,299
Investment in securities	(41,941,050)	(109,641,676)
Emirates Vision Investment	--	(4,500,000)
Minority shareholders profit in Bildco Cement Products	(1,000,000)	(1,500,000)
Net cash (used in) investing activities	(98,564,291)	(121,954,936)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Bank overdrafts and bills payable	(96,768,944)	221,455,174
Treasury shares	--	(62,600,009)
Dividends paid	(71,250,000)	(60,000,000)
Net cash (used in) from financing activities	(168,018,944)	98,855,165
Net (decrease) in cash	(176,963,706)	(91,993,994)
Cash at beginning of the year	213,195,375	305,189,369
Cash at end of the year	36,231,669	213,195,375

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, 2007

**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**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS –DECEMBER 31, 2007

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 per 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, 2007**

**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. Unrealized 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.

**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 recognized on the delivery of goods and rendering of services to customers. Dividends are recognized 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 Dirhams 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, 2007**

**3 - ACCOUNTS RECEIVABLE: -**

	2007	2006
	----- Dirhams	----- Dirhams
Trade debtors	276,643,294	267,854,466
Less : Provision for doubtful debts	(12,205,173)	(6,811,489)
	----- 264,438,121 =====	----- 261,042,977 =====

**4 – INVENTORIES: -**

	2007	2006
	----- Dirhams	----- Dirhams
Trading goods	157,682,802	180,667,999
Raw materials	5,554,201	3,053,839
Finished goods	3,054,235	3,809,225
Others	2,270,406	1,140,887
	----- 168,561,644	----- 188,671,950
Provision for slow moving items	(1,504,901)	(1,504,901)
	----- 167,056,743 =====	----- 187,167,049 =====

**5 - FIXED ASSETS UNDER CONSTRUCTION:-**

	2007
	----- Dirhams
Dubai Cement Products Factory	11,679,075
Al Ain New Stores	689,964
Al Fujairah Cement Factory	100,000
Bildco Steel Factory	18,435,288
Bildco Cut & Bend Factory	17,820,046
	----- 48,724,373 =====

**ABU DHABI NATIONAL COMPANY FOR BUILDING MATERIALS**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - DECEMBER 31, 2007**

**7 – SHARE CAPITAL: -**

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	2007	2006
	-----	-----
	Dirhams	Dirhams
	-----	-----
Authorized capital – 300,000,000 shares of AED 1 each share	300,000,000	300,000,000
	=====	=====
Issued and fully paid up capital – 300,000,000 shares of AED 1 each share	300,000,000	300,000,000
	=====	=====

**8 - TREASURY SHARES: -**

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Amount shown in the balance sheet represents the value of 15,000,000 of the Company's shares bought at market price, the average was AED 4,17 .

**ABU DHABI NATIONAL COMPANY FOR BUILDING MATERIALS**

**BILDCO (PJSC)**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - DECEMBER 31, 2007**

**9 - RESERVES: -**

	Legal reserve	Statutory reserve	Total
	Dirhams	Dirhams	Dirhams
Balance 1/1/2007	235,022,451	20,365,168	255,387,619
Reserves for the year 2007	5,755,472	5,755,472	11,510,944
Balance December 31,2007	240,777,923	26,120,640	266,898,563

- 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.

**10 – RESERVE OF FAIR VALUE:-**

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

**11 – PROPOSED DIVIDENDS:-**

The board of directors has proposed a dividend of AED 0,15 per share (2006 – AED 0,25 per share) AED 42,750,000 (2006 – AED 71,250,000).

**ABU DHABI NATIONAL COMPANY FOR BUILDING MATERIALS**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - DECEMBER 31, 2007

**12 – MANAGEMENT REMUNERATION: -**

Management remuneration represents 5% of the net profit (before income from securities) for the general manager.

**13 – MINORITY INTEREST:-**

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

**14 – EARNINGS PER SHARE: -**

The information necessary to calculate basic earnings per share based on weighted average number of shares outstanding during the year is as follows:

	2007	2006
	Dirhams	Dirhams
Net profit for the year	57,554,722	74,212,935
<b>SHARES: -</b>		
Number of shares outstanding at the beginning of the year	300,000,000	200,000,000
Bonus shares	--	100,000,000
	300,000,000	300,000,000
Earnings per share at par value AED 1 per share	0,19	0,25



**ABU DHABI NATIONAL COMPANY FOR BUILDING MATERIALS**

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - DECEMBER 31, 2007

**15 – 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 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.

**16 – EMPLOYEES: -**

The Company has ( 391 ) employees as at December 31,2007. (391 employees at December 31,2006).

**17 - CONTINGENT LIABILITIES: -**

	2007	2006
	Dirhams	Dirhams
Letters of credit	74,639,099	55,516,461
Letters of guarantee	31,642,480	14,493,320
	106,281,579	70,009,781
	=====	=====

**ABU DHABI NATIONAL COMPANY FOR BUILDING MATERIALS**

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - DECEMBER 31, 2007**

**6 - FIXED ASSETS: -**

	Machinery and equipment	Buildings and caravans	Motor vehicles	Furniture and decoration	Company building	Plant and equipment	Moulds	Total
	Dirhams	Dirhams	Dirhams	Dirhams	Dirhams	Dirhams	Dirhams	Dirhams
<b>COST</b>								
Balance 1/1/2007	43,096,166	15,838,605	2,434,500	3,693,577	7,057,594	1,687,152	3,673,662	77,481,256
Additions	9,998,019	148,000	360,000	186,347	--	155,000	499,985	11,347,351
Disposals	(4,970,604)	--	--	--	--	(185,000)	--	(5,155,604)
	48,123,581	15,986,605	2,794,500	3,879,924	7,057,594	1,657,152	4,173,647	83,673,003
<b>DEPRECIATION</b>								
Balance 1/1/2007	26,695,366	10,757,019	1,624,127	3,344,588	5,455,298	1,429,854	2,778,961	52,085,213
Charge for the year	3,331,263	1,111,709	467,871	173,854	273,129	25,102	853,407	6,236,335
Disposals	(586,778)	--	--	--	--	(120,338)	--	(707,116)
	29,439,851	11,868,728	2,091,998	3,518,442	5,728,427	1,334,618	3,632,368	57,614,432
Net book value December 31, 2007	18,683,730	4,117,877	702,502	361,482	1,329,167	322,534	541,279	26,058,571
Net book value December 31,2006	16,400,799	5,081,588	810,372	348,988	1,602,295	257,298	894,701	25,396,041

