

GULF CEMENT COMPANY (Q.S.C.)
DOHA - QATAR

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD
ENDED JUNE 30, 2007
TOGETHER WITH
INDEPENDENT AUDITOR'S
REVIEW REPORT

GULF CEMENT COMPANY (Q.S.C.)
DOHA - QATAR
JUNE 30, 2007

TABLE OF CONTENTS

Independent Auditor's Review Report	--
	<u>Page</u>
Interim Condensed Consolidated Balance Sheet	1 -2
Interim Condensed Consolidated Income Statement	3
Interim Condensed Consolidated Statement of Changes in Equity	4
Interim Condensed Consolidated Cash Flows Statement	5
Notes to the Interim Condensed Consolidated Financial Statements	6 - 12

QR. 99 – 8

INDEPENDENT AUDITOR’S REVIEW REPORT

**To The Board of Directors
Gulf Cement Company (Q.S.C.)
Doha - Qatar**

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of **Gulf Cement Company (Q.S.C.)**, as of **June 30, 2007** and the related interim condensed consolidated income statement, statement of changes in equity and cash flows statement for the six-month period then ended, and a summary of selected explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with **International Accounting Standard No. (34), “Interim Financial Reporting”**. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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 interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with **International Accounting Standard No. (34), “Interim Financial Reporting”**.

For **Deloitte & Touche**

Doha - Qatar
July 12, 2007

Muhammad Bahemia
License No. 103

GULF CEMENT COMPANY (QSC)
DOHA - QATAR

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
AT JUNE 30, 2007

<u>ASSETS</u>	<u>Notes</u>	<u>June 30,</u> <u>2007</u> <u>(Reviewed)</u> <u>QR.</u>	<u>December 31,</u> <u>2006</u> <u>(Audited)</u> <u>QR.</u>
Current Assets:			
Cash and cash equivalent	3	694,305,065	767,861,964
Accrued income		8,361,176	11,578,573
Prepayments and other receivables		1,892,464	587,783
Advances to suppliers	4	123,733,599	237,706
Due from related parties		23,170	--
		-----	-----
Total Current Assets		828,315,474	780,266,026
		-----	-----
Non-Current Assets:			
Investment property	5	33,163,075	31,154,079
Available-for-sale investments		4,077,065	42,792,505
Property, plant and equipment		6,024,650	3,959,396
		-----	-----
Total Non-Current Assets		43,264,790	77,905,980
		-----	-----
Total Assets		871,580,264	858,172,006
		=====	=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

GULF CEMENT COMPANY (QSC)
DOHA - QATAR

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
AT JUNE 30, 2007

	Notes	<u>June 30,</u> <u>2007</u> <u>(Reviewed)</u> <u>QR.</u>	<u>December 31,</u> <u>2006</u> <u>(Audited)</u> <u>QR.</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Trade and other payables		209,627	95,797
Notes payable	7	6,744,407	6,985,407
		-----	-----
Total Current Liabilities		6,954,034	7,081,204
		-----	-----
Non-Current Liabilities:			
Notes payable	7	14,099,268	19,241,072
Employees end of service benefits		407,719	151,265
		-----	-----
Total Non-Current Liabilities		14,506,987	19,392,337
		-----	-----
Total Liabilities		21,461,021	26,473,541
		-----	-----
EQUITY			
Capital and Reserves:			
Capital	8	800,000,000	799,186,790
Legal reserve		20,433,025	18,671,956
Fair value reserve		2,137	(3,988,933)
Retained earnings		29,684,081	17,828,652
		-----	-----
Total equity		850,119,243	831,698,465
		-----	-----
Total Equity and Liabilities		871,580,264	858,172,006
		=====	=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

GULF CEMENT COMPANY (QSC)
DOHA - QATAR

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2007

	<u>Note</u>	<u>For the Six Month Period Ended June 30, 2007 (Reviewed) QR.</u>	<u>For the Period From May 4, 2006 (Date of Inception) to December 31, 2006 (Audited) QR.</u>
Income			
Income from bank deposits	9	18,005,367	25,486,979
Loss from sale of available-for-sale investments		(2,720,177)	(3,208,138)
Dividends income		410,000	--
Other income		145,809	63,369
		-----	-----
Total Income		15,840,999	22,342,210
		-----	-----
Expenses			
General and administrative expenses		(2,668,300)	(2,532,597)
		-----	-----
Profit for the Period		13,172,699	19,809,613
		=====	=====
Earnings per share (basic & diluted)	10	0.16	0.25
		-----	-----

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

GULF CEMENT COMPANY (QSC)
DOHA - QATAR

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2007

	Issued Capital	Legal Reserve	Fair value Reserve	Retained Earnings	Total
	----- QR.	----- QR.	----- QR.	----- QR.	----- QR.
Balance - May 4, 2006					
Paid of share capital	799,186,790				799,186,790
Profit for the period	--	--	--	19,809,613	19,809,613
Surplus from issuance fees	--	16,690,995	--	--	16,690,995
Transfer to legal reserve	--	1,980,961	--	(1,980,961)	--
Net movement in fair value reserve	--	--	(3,988,933)	--	(3,988,933)
	-----	-----	-----	-----	-----
Balance - December 31, 2006 (Audited)	799,186,790	18,671,956	(3,988,933)	17,828,652	831,698,465
Sale of fractional shares	813,210	443,799	--	--	1,257,009
Profit for the period	--	--	--	13,172,699	13,172,699
Transfer to legal reserve	--	1,317,270	--	(1,317,270)	--
Net movement in fair value reserve	--	--	3,991,070	--	3,991,070
	-----	-----	-----	-----	-----
Balance – June 30, 2007 (Reviewed)	800,000,000	20,433,025	2,137	29,684,081	850,119,243
	=====	=====	=====	=====	=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

GULF CEMENT COMPANY (QSC)
DOHA - QATAR

INTERIM CONDENSED CONSOLIDATED CASH FLOWS STATEMENT
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2007

	<u>For the Six Month</u> <u>Period Ended June 30,</u> <u>2007</u> <u>(Reviewed)</u> <u>QR.</u>	<u>For the Period From</u> <u>May 4, 2006(Date of</u> <u>Inception) to</u> <u>December 31,</u> <u>2006</u> <u>(Audited)</u> <u>QR.</u>
<u>Cash Flows From Operating Activities:</u>		
Profit for the period	13,172,699	19,809,613
Adjustments for:		
Depreciation of property, plant and equipment	154,061	146,075
Loss from sale of available-for-sale investments	2,720,177	3,208,138
Employees' end of service benefits	256,454	151,265
	-----	-----
	16,303,391	23,315,091
Accrued income	3,217,397	(11,578,573)
Advances to suppliers	(123,495,893)	(237,706)
Prepayments and other receivables	(1,545,681)	(152,283)
Due from related parties	(23,170)	--
Trade and other payables	113,830	95,797
	-----	-----
Net Cash (Used in) From Operating Activities	(105,430,126)	11,442,326
	-----	-----
<u>Cash Flows From Investing Activities:</u>		
Purchase of property, plant and equipment	(2,219,315)	(4,105,471)
Investment property	(7,150,800)	(5,363,100)
Net movement for available-for-sale investments	39,986,333	(49,989,576)
	-----	-----
Net Cash From (Used in) Investing Activities	30,616,218	(59,458,147)
	-----	-----
<u>Cash Flows From Financing Activities:</u>		
Proceeds from issuance of equity shares	1,257,009	799,186,790
Surplus proceeds from issuance fees	--	16,690,995
	-----	-----
Net Cash From Financing Activities	1,257,009	815,877,785
	-----	-----
Net increase in cash and cash equivalent	(73,556,899)	767,861,964
Cash and cash equivalent at the beginning of the period	767,861,964	--
	-----	-----
Cash and Cash Equivalent at the End of the Period	694,305,065	767,861,964
	=====	=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

GULF CEMENT COMPANY (QSC)
DOHA – QATAR

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2007

1. Legal Status and Principal Activities:

Gulf Cement Company (the Company) is a Qatari Shareholding Company (Q.S.C.) incorporated in the State of Qatar on May 4, 2006 under Commercial Registration No.32831. The Company is governed by the provisions of the Qatar Commercial Companies law No. (5) of (2002) and the Doha Securities Market Regulations. The Company has been formed to primarily engage in the production and sale of cement. The Company also engages in setting up factories, importing and exporting cement.

The Company has not started operations as of the balance sheet date. As of the balance sheet date, the Company's activities were confined to setting up the plant and utilization of the monies received from the shareholders in investment activities in addition to financing all stages of the plant's construction.

2. Significant Accounting Policies:

These interim condensed consolidated financial statements are prepared in accordance with IAS 34 "Interim Financial Reporting". The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended December 31, 2006, except for the adoption of IFRS 3 "Business Combination" and IFRIC 10 "Interim Financial Reporting and Impairment" which is effective as of January 1, 2007.

The accompanying interim condensed consolidated financial statements should be read in conjunction with the 2006 annual financial statements and the notes attached thereto.

Investment in Subsidiaries

A subsidiary is an entity where the parent can exercise control. Control is achieved where the parent company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with those used by other members of the Company.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Costs that are incurred unevenly during the financial year are anticipated or deferred in the interim report only if it would be appropriate to do so, and therefore not necessarily indicative of the results that may be expected for the financial year ending December 31, 2007.

3. Cash and Cash Equivalent:

	<u>June 30,</u> <u>2007</u> <u>(Reviewed)</u> <u>QR.</u>	<u>December 31,</u> <u>2006</u> <u>(Audited)</u> <u>QR.</u>
Cash on hand	14,882	6,978
Current accounts	8,027,742	207,102
Saving accounts	132,262,441	113,647,884
Time deposits	554,000,000	654,000,000
	-----	-----
Total	694,305,065	767,861,964
	=====	=====

Saving accounts and time deposits mature within 90 days with effective rates of return ranging from 1.13% to 4.00% and 1.30% to 6.50% respectively.

4. Advances to Suppliers:

	<u>June 30,</u> <u>2007</u> <u>(Reviewed)</u> <u>QR.</u>	<u>December 31,</u> <u>2006</u> <u>(Audited)</u> <u>QR.</u>
Advances payment to FLSmidth*	123,317,500	--
Other advance	416,099	237,706
	-----	-----
	123,733,599	237,706
	=====	=====

* This advance represents payment towards supply of factory equipment. During the period, the Company signed a contract with the supplier amounting to EURO 138,000,000 for supplying equipment to set up the plant.

5. Investment Property:

On June 19, 2006, the Company entered into a purchase agreement for the purchase of a plot of land having an area of 59,590 sq. ft in the marina district from Qatar Diar Real Estate Investment Company. The purchase price for this land was QR. 35,754,000. The Company paid QR 5,363,100 on June 19, 2006 as a down payment and agreed to make the following payments in Qatari Riyals:

	<u>June 30,</u> <u>2007</u> <u>(Reviewed)</u> <u>QR.</u>	<u>December 31,</u> <u>2006</u> <u>(Audited)</u> <u>QR.</u>
Year 1	7,150,800	7,150,800
Year 2	7,150,800	7,150,800
Year 3	7,150,800	7,150,800
When the land is delivered to the Company	7,150,800	7,150,800
At the completion of the construction	1,787,700	1,787,700
	-----	-----
Total future payments	30,390,900	30,390,900
Amount paid as of down payment	5,363,100	5,363,100
	-----	-----
Total purchase price for the land	35,754,000	35,754,000
Less deferred finance charges	(4,599,921)	(4,599,921)
Add finance charges capitalized	2,008,996	--
	-----	-----
Total	33,163,075	31,154,079
	=====	=====

6. Investment in Subsidiaries:

Details of the subsidiaries are as follows:

	<u>Ownership Percentage</u>	<u>Capital</u>
Gulf Cement Services Company	100%	5,000,000
Gulf Transformation Industry Company	100%	3,000,000

Total		8,000,000
		=====

These subsidiaries have not yet commenced operations as of June 30, 2007.

7. Short and Long Term Notes Payable:

	<u>Minimum Payments June 30, 2007 QR.</u>	<u>Present Value of Minimum Payments June 30, 2007 QR.</u>	<u>Minimum Payments December 31, 2006 QR.</u>	<u>Present Value of Minimum Payments December 31, 2006 QR.</u>
Year 1	--	--	7,150,800	6,651,907
Year 2	7,150,800	6,651,907	7,150,800	6,187,820
Year 3	16,089,300	13,997,268	16,089,300	12,951,252
	-----	-----	-----	-----
Total	23,240,100	--	30,390,900	--
	-----	-----	-----	-----
Less future finance charges	(2,590,925)	--	(4,599,921)	--
	-----	-----	-----	-----
Present value of minimum payments	20,649,175	20,649,175	25,790,979	25,790,979
	=====	=====	=====	=====

Management used a discount rate of approximately 7.5% to calculate the present value of these future payments.

Current Notes Payable

	<u>June 30,</u> <u>2007</u> <u>(Reviewed)</u> <u>QR.</u>	<u>December 31,</u> <u>2006</u> <u>(Audited)</u> <u>QR.</u>
Post dated checks for staff accommodation	92,500	333,500
Present value of minimum payments for purchase of land	6,651,907	6,651,907
	-----	-----
Total	6,744,407	6,985,407
	=====	=====

Non-Current Notes Payable

	<u>June 30,</u> <u>2007</u> <u>(Reviewed)</u> <u>QR.</u>	<u>December 31,</u> <u>2006</u> <u>(Audited)</u> <u>QR.</u>
Post dated checks for staff accommodation	102,000	102,000
Present value of minimum payments for purchase of land	13,997,268	19,139,072
	-----	-----
Total	14,099,268	19,241,072
	=====	=====

8. Share Capital:

	<u>June 30,</u> <u>2007</u> <u>(Reviewed)</u> <u>QR.</u>	<u>December 31,</u> <u>2006</u> <u>(Audited)</u> <u>QR.</u>
Share capital consists of:		
(Authorized and issued 80,000,000 shares)	800,000,000	799,186,790
	=====	=====

The difference between the issued and fully paid up represents 81,332 shares held by the Company which could not be allocated due to fractional shares. These shares were sold during the period.

9. Income From Bank Deposits:

	<u>For the Six Month</u> <u>Period Ended</u> <u>June 30,</u> <u>2007</u> <u>(Reviewed)</u> <u>QR.</u>	<u>For the Period From</u> <u>May 4, 2006 (Date of</u> <u>Inception) to</u> <u>December 31,</u> <u>2006</u> <u>(Audited)</u> <u>QR.</u>
Time deposit	16,187,888	22,958,460
Saving accounts	1,817,479	2,528,519
	-----	-----
Total	18,005,367	25,486,979
	=====	=====

10. Earnings Per Share:

Earnings per share is calculated by dividing the net income for the period by the weighted average number of ordinary shares outstanding during the period as follows:

	<u>For the Six Month</u> <u>Period Ended</u> <u>June 30,</u> <u>2007</u> <u>(Reviewed)</u> <u>QR.</u>	<u>For the Period From</u> <u>May 4, 2006 (Date of</u> <u>Inception) to</u> <u>December 31,</u> <u>2006</u> <u>(Audited)</u> <u>QR.</u>
Net income for the period	13,172,699	19,809,613
	-----	-----
Weighted average number of shares	79,942,042	79,918,679
	-----	-----
Earnings per share (basic & diluted) per QR.	0.16	0.25
	=====	=====

11. Compensation of Key Management Personnel:

	<u>For the Six Month Period Ended June 30, 2007 (Reviewed) QR.</u>	<u>For the Period From May 4, 2006 (Date of Inception) to December 31, 2006 (Audited)</u>
Short-term benefits	570,000 =====	970,000 =====

12. Comparative Figures:

Certain prior period's figures have been reclassified, where necessary, to conform with current period's presentation.

