<u>GULF CEMENT COMPANY (Q.S.C)</u>
<u>DOHA - QATAR</u>

<u>CONSOLIDATED FINANCIAL STATEMENTS</u>
<u>FOR THE PERIOD FROM MAY 4, 2006</u>
<u>(DATE OF INCEPTION)</u>
<u>TO DECEMBER 31, 2007 TOGETHER WITH</u>
<u>INDEPENDENT AUDITOR'S REPORT</u>

GULF CEMENT COMPANY (QSC)
DOHA - QATAR
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM MAY 4, 2006
(DATE OF INCEPTION)
TO DECEMBER 31, 2007

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INDEPENDENT AUDITOR'S REPORT

To The Shareholders of
Gulf Cement Company (QSC)
Doha – Qatar

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of **Gulf Cement Company (QSC) (**the**" Company")**, which comprise of the consolidated balance sheet as at December 31, 2007 and the consolidated statement income, changes in shareholder's equity and cash flows for the period from May 4, 2006 (Date of Inception) to December 31, 2007, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, 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 consolidated 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 whether the consolidated financial statements are free from material misstatement.

Continued…...

Auditor's Report (Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company management's preparation and fair presentation of the consolidated 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 Company'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 consolidated 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 consolidated financial statements give a true and fair view of the consolidated financial position of **Gulf Cement Company (Q.S.C.)** as of December 31, 2007, and of its consolidated financial performance and its consolidated cash flows for the period from May 4, 2006 (Date of Inception) to December 31, 2007 in accordance with **International Financial Reporting Standards**.

Other Legal and Regulatory Requirements

We have obtained all the information and explanations which we considered necessary for the purpose of our audit. We further confirm that the financial information included in the Annual Report of the Board of Directors is in agreement with the books and records of the Company and tat we are not aware of any contravention by the Company of the Article of Association, the Qatar Commercial Companies Law No. 5 0f 2002 during the financial period that would materially affect its activities or its financial position.

For **Deloitte & Touche**

Doha - Qatar
January 30, 2008

Samer Jaghoub
License No. 88

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

CONSOLIDATED BALANCE SHEET
AT DECEMBER 31, 2007

ASSETS	Notes	December 31, 2007 QR.
Current Assets		
Cash and cash equivalents	**5**	578,997,820
Accrued income	**6**	12,820,628
Accounts receivable and other debit balances	**7**	3,819,963
Advances to suppliers	**8**	206,290,141
Total Current Assets		**801,928,552**
Non-Current Assets		
Property, plant and equipment	**9**	10,042,375
Investment properties	**10**	33,832,060
Available-for-sale investments	**11**	47,813,215
Total Non-Current Assets		**91,687,650**
Total Assets		**893,616,202**

GULF CEMENT COMPANY (Q.S.C)

CONSOLIDATED BALANCE SHEET
AT DECEMBER 31, 2007

LIABILITIES	Notes	December 31, 2007 QR.
Current Liabilities		
Trade and other payables		4,537,272
Notes payable	12	7,079,304
Total Current Liabilities		**11,616,576**
Non-Current Liabilities		
Notes payable	12	14,425,822
Employees end of service benefits		205,377
Total Non-Current Liabilities		**14,631,199**
Total Liabilities		**26,247,775**
SHAREHOLDERS' EQUITY		
Shareholders' Equity		
Share capital	13	800,000,000
Legal reserve	14	22,264,128
Fair value reserve		(1,059,710)
Retained earnings		46,164,009
Total Shareholders' Equity		**867,368,427**
Total Shareholders' Equity and Liabilities		**893,616,202**

These consolidated financial statements were approved by the Board of Directors on January 30, 2008 and signed on its behalf by:

Abdullah bin Nasser Al-Mesnad
Chairman and Managing Director

CONSOLIDATED STATEMENT OF INCOME
FOR THE PERIOD FROM MAY 4, 2006 (DATE OF INCEPTION) TO DECEMBER 31, 2007

	Notes	For the Period From May 4, 2006 (Date of Inception) to December 31, 2007 QR.
Income		
Sale of cement	**15**	528,316
Income from short-term deposits and savings	**16**	60,974,930
Realized gain from sale of investments available-for-sale	**11**	4,360,432
Other income		1,423,370
Total Income		**67,287,048**
Expenses		
Cost of cements sales		(492,800)
General and administrative expenses	**17**	(11,760,905)
Technical committees fees		(2,940,000)
Board of directors' remunerations		(800,000)
Total Expenses		**(15,993,705)**
Profit for the Period		**51,293,343**
Basic earnings per share	**18**	**0.64**

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

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

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY FOR THE PERIOD FROM MAY 4, 2006 (DATE OF INCEPTION) TO DECEMBER 31, 2007

	Note	Issued Capital	Legal Reserve	Fair value Reserve	Retained Earnings	Total
		QR.	QR.	QR.	QR.	QR.
Balance - May 4, 2006		**--**	--	--	--	**--**
Paid of share capital		800,000,000				800,000,000
Profit for the period		--	--	--	51,293,343	51,293,343
Transfer to legal reserve		--	5,129,334	--	(5,129,334)	--
Surplus from issuance fees	**14**	--	16,690,995	--	--	16,690,995
Surplus from sales of fractional shares	**14**	--	443,799	--	--	443,799
Fair value reserve on available -for-sale investments	**11**	--	--	(1,059,710)	--	(1,059,710)
Balance - December 31, 2007		**800,000,000**	**22,264,128**	**(1,059,710)**	**46,164,009**	**867,368,427**

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM MAY 4, 2006 (DATE OF INCEPTION)
TO DECEMBER 31, 2007

	Note	For the Period From May 4, 2006 (Date of Inception) to December 31, 2007 QR.
Cash Flows From Operating Activities		
Profit for the period		51,293,343
Adjustments for:		
Depreciation of property, plant and equipment		564,586
Loss on disposal of property and equipment		46,771
Realized gain from sale of available-for-sale investments		(4,360,432)
Employees' end of service benefits		209,577

Changes in working capital:		47,753,845
Income accrued		(12,820,628)
Accounts receivable and other debit balances		(3,819,963)
Advances to suppliers		(206,290,141)
Trade and other payables		4,537,272
Notes payable		186,966

Cash Used In Operations		**(170,452,649)**
Employees' end of service benefits paid		(4,200)

Net Cash Used In Operating Activities		**(170,456,849)**

Cash Flows From Investing Activities		
Acquisition of property, plant and equipment	**9**	(10,653,732)
Payments for investment properties	**10**	(12,513,900)
Payments for investments available-for-sale	**11**	(347,742,022)
Proceeds on sale of investments available-for-sale	**11**	303,229,529

Net Cash Used In Investing Activities		**(67,680,125)**

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM MAY 4, 2006 (DATE OF INCEPTION) TO DECEMBER 31, 2007

	Note	For the Period From May 4, 2006 (Date of Inception) to December 31, 2007 QR.
Cash Flows From Financing Activities		
Proceeds from issuance of equity shares	**13**	800,000,000
Surplus proceeds from issuance fees and functional shares	**13**	17,134,794
Net Cash From Financing Activities		**817,134,794**
Net increase in cash and cash equivalents		578,997,820
Cash and Cash Equivalents at the End of the Period	**5**	**578,997,820**

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

1. General Information

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, and invests in shares and real estate.

The Company had not started operations as of the date of the consolidated balance sheet . As of the consolidated 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 the stages of the plant's construction.

The accounting period represents the period from inception on May 4, 2006 to December 31, 2007.

Certain sales of cement were made during the period by one of the subsidiaries (Gulf Cement Services Company) of the Company. These sales are included in these consolidated financial statements.

2.1 Standards and Interpretations Effective in the Current Year:

During the period, the Company has adopted *IFRS 7 Financial Instruments: Disclosures* which is effective for annual reporting periods beginning on or after January 1, 2007, and the consequential amendment to *IAS 1 Presentation of Financial Statements*.

The impact of the adoption of IFRS 7 and the changes to IAS 1 has been to expand the disclosures provided in these financial statements regarding the Company's financial instruments and management of capital.

Four Interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period. These are IFRIC 7 *Applying the Restatement Approach under IAS 29*, *Financial Reporting in Hyperinflationary Economies*; IFRIC 8 *Scope of IFRS 2*; IFRIC 9 *Reassessment of Embedded Derivatives*; and IFRIC 10 *Interim Financial Reporting and Impairment*. The adoption of these Interpretations has not led to any changes in the Company's accounting policies.

2.2 Standard and Interpretations in Issue Not Yet Adopted:

At the date of authorization of these consolidated financial statements, the following Standards and Interpretations were in issue but not yet effective:

New standards:

IFRS 8	Operating Segments (effective for accounting periods beginning on or after January 1, 2009);

Amendments to Standards:

IAS 1	Presentation of Financial Statements -Comprehensive revision including requiring a statement of comprehensive income (effective January 1, 2009);
IAS 23 (revised)	Borrowing Costs (effective for accounting periods beginning on or after January 1, 2009);

New Interpretations:

IFRIC 11	IFRS 2: Group and Treasury Share Transactions (effective March 1, 2007);
IFRIC 12	Service Concession Arrangements (effective January 1, 2008);
IFRIC 13	Customer Loyalty Programmes (effective July 1, 2008);
IFRIC 14	IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction (effective January 1, 2008)

Management anticipates that all of the above Standards and Interpretations will be adopted in the Company's consolidated financial statements for the period commencing January 1, 2008 and that the adoption of those Interpretations and Standards will have no material impact on the consolidated financial statements of the Company.

3. Basis of Consolidation:

The consolidated financial statements for the period ended December 31, 2007 comprise of the Company and its subsidiaries.

Subsidiaries

Subsidiaries are those enterprises controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries at the balance sheet date:

Gulf Cement Services Company is a Sole Owner Company incorporated in Qatar on May 2, 2007 with a share capital of QR., 5,000,000. The Company has controlling interest of 100% in this subsidiary. The principal activity of Gulf Cement Cervices is Cement and building materials trading.

Gulf for Investments and Development is a Sole Owner Company incorporated in Qatar on November 11, 2007 with a share capital of QR. 200,000. The Company has controlling interest of 100% in this subsidiary. The principal activity of the subsidiary relates to investing in investment properties. The subsidiary had not commenced operations as of the date of the consolidated balance sheet.

During the period the Company established a subsidiary called Gulf Transformation, however the commercial registration and other legal documentation relating to their subsidiary is still under process.

Transactions eliminated on consolidation:
Inter-company balances and transactions, and any unrealized gains arising such transactions are eliminated in the re consolidated financial statements.

4. Basis of Preparation and Significant Accounting Policies:

Statement of compliance
The consolidated financial statements have been prepared in accordance with **International Financial Reporting Standard**.

Basis of preparation
The consolidated financial statements has been prepared under the historical cost convention except for the measurement at fair value of available-for-sae investments. The Company's functional and reporting currency in Qatari Riyals (QR.).

The principal accounting policies are set out below.

Revenue recognition

Sales

Revenues from sale of cement is measured at the fair value of the consideration received or receivable when the Company has transferred to the buyer the significant risk and rewards of ownership of the goods.

Dividend Income

Dividend income from investments is recognised when the shareholder's right to receive payment is established.

Income on Fixed Deposits and Savings Accounts

Income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Available-for-sale investments

Available-for-sale investments are those that are designated as available-for-sale and intended to be held for an indefinite period of time.

Available-for-sale investments are initially recognised at fair value plus transaction costs that are directly attributable to the acquisition.

Available-for-sale financial assets are subsequently carried at fair value. Gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised directly in equity, until the financial asset is derecognised or impaired. At this time, the cumulative gain or loss previously recognised in equity is recognised in profit or loss.

The fair value of quoted investments in active markets are based on current bid prices. If there is no active market for a financial asset, the fair value is established using valuation techniques. These include the use of recent arms length transactions, discounted cash flow analysis, and other valuation techniques commonly used by market participants.

The Company assesses at each balance sheet date whether there is objective evidence that available-for-sale investments are impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the securities are impaired. When there is objective evidence that are available-for-sale investment is impaired the cumulative loss that has been recognised directly in equity is removed from equity and recognised in profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is charged as to write off the cost or valuation of assets, other than work in progress, over their estimated useful lives, using the straight-line method.

Properties in the course of construction for production or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Upon the completion of these projects these costs will be transferred to the relevant asset category. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Accounts receivable

Accounts receivables are stated at original invoice amount less provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances with original maturities of less than three months net of due to banks.

Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation are carried at cost less any accumulated depreciation and any accumulated impairment losses. No depreciation is provided on investments in land.

Accounts payable and other credit balances

Liabilities are recognised for amounts to be paid in future for goods or services received whether or not billed to the Company.

Employees' end of service benefits:

The Company provides for end of service benefits to its employees based on the company policy which is determined in accordance with the local labour laws.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive), as a result of a past event which it is probable will result in an outflow of economic benefits that can be reasonably estimated.

Foreign currency

The consolidated financial statements of the Company are presented in Qatari Riyals, which is the functional currency of the Company. Transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated into Qatari Riyals at the rates of exchange ruling at that date, and exchange differences are recognized in the statement of income.

Impairment of tangible assets

The carrying amounts of the Company's assets are reviewed at each balance sheet date, to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss, being the excess of the carrying amount over the recoverable amount, is recognised. Impairment losses are recognised in the statement of income.

Impairment and uncollectability of financial assets:

An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the income statement. Impairment is determined as follows:

(a) For assets carried at fair value, impairment is the difference between cost and fair value;
(b) For assets carried at cost, impairment is the difference between cost and the present value of future estimated cash flows discounted at the current market rate of return for a similar financial asset.
(c) For assets carried at amortised cost, impairment in the difference between the carrying amount and the present value of estimated cash flows discounted at the financial assets' original effective interest rate.

5. Cash and Cash Equivalents:

Cash and cash equivalents comprises of the following:

	December 31, 2007 QR.
Current accounts	3,214,943
Saving accounts	17,678,689
Cash held by Islamic Financial Company	8,554,188
Term deposits	550,000,000
Cash and bank balances	579,447,820
Due to bank	(450,000)
Total	**578,997,820**

Short term deposits and saving accounts in various banks earn effective rates of return ranging from 5% to 5.5%, and 3%, respectively. These short term deposits and saving accounts have maturity periods of up to 90 days.

6. Accrued Income:

December 31,

	2007 QR.
Income from saving accounts	1,113,684
Income from term deposits	11,706,944
Total	**12,820,628**

7. Accounts Receivable and Other Debit Balances:

	December 31, 2007 QR.
Accounts receivable *	300,800
Prepayments	3,416,640
Others	102,523
Total	**3,819,963**

* Accounts receivable relates to certain slaes of cement made by one of the subsidiaries of the Company (Note 1). This accounts receivable is current. The Company's sales terms is 30 days.

8. Advances to Suppliers:

Advances to suppliers represent amounts paid to suppliers towards building machineries and equipment relating to the Cement plant. Advances to suppliers shall be transferred to work-in- progress upon completion of work related to these advances.

9. Property, Plant and Equipment:

	Equipment	Furniture and Fixture	Computers and Software	Motor Vehicles	Capital Work in Progress*	Total
	QR.	QR.	QR.	QR.	QR.	QR.
Cost:						
Additions during the period	1,616,624	1,055,327	266,254	784,500	6,931,027	10,653,732
Disposals	(2,200)	(47,880)	--	--	--	(50,080)
As of December 31, 2007	**1,614,424**	**1,007,447**	**266,254**	**784,500**	**6,931,027**	**10,603,652**
Depreciation:						
Charge for the period	78,090	260,571	86,701	139,224	--	564,586
Disposals	(535)	(2,774)	--	--	--	(3,309)
As of December 31, 2007	**77,555**	**257,797**	**86,701**	**139,224**	**--**	**561,277**
Net book value:						
As of December 31, 2007	**1,536,869**	**749,650**	**179,553**	**645,276**	**6,931,027**	**10,042,375**
Rates of depreciation	20%	20%	33%	20%	--	

* The capital work in progress as of December 31, 2007 represents amounts paid for the development of the Company's Cement plant on the proposed site.

10. Investment Properties:

On June 19, 2006, the Company entered into a purchase agreement whereby it purchased 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 based on QR. 600 per sq. ft and 59,590 sq. ft at the date of purchase. 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:

	December 31, 2007 QR.
Year 1	7,150,800
Year 2	7,150,800
Year 3	7,150,800
When the land is delivered to the Company	7,150,800
At the completion of the construction	1,787,700
Total future payments	30,390,900
Amount paid as down payment	5,363,100
Total purchase price for the land	**35,754,000**
Less: deferred finance charges	(4,599,921)
Add: finance charges capitalized	2,677,981
Total	**33,832,060**

(i) Investment properties (land) are carried at cost less accumulated depreciation and any impairment in value, if any. Land is not deprecieated.

(ii) Investmetn properties are located in the State of Qatar.

(iii) The present value of these future payments is disclosed in note 12.

(iv) The Company's intention is to hold the land for capital appreciation. Management is of the opinion that the market value of the land as at the consolidated balance sheet date is approximately QR. 53,631,000 based on latest evaluation available at amounted to QR. 900 per sq. ft.

11. Available-for-Sale Investments:

	December 31, 2007 QR.
Quoted:	
Cost of investments purchased during the period	347,742,022
Cost of investments sold during the period	(298,869,097)
Total cost of investments at balance sheet date	48,872,925
Decrease in fair value	(1,059,710)
Fair value of investments available-for-sale	**47,813,215**

Cost of investments sold	(298,869,097)
Proceeds from sale of investments	303,229,529
Realized profit from sale of investments available-for-sale	**4,360,432**

Movement in Fair Value Reserve

	December 31, 2007 QR.
Balance at May 4, 2006	--
Decrease in fair value of available-for-sale investment	(1,059,710)
Balance at December 31, 2007	**(1,059,710)**

12. Short and Long Term Notes Payable:

Short-Term Notes Payable (Due within twelve months from the consolidated balance sheet date).

	Note	December 31, 2007 QR.
Post dated checks for staff accommodation		186,967
Present value of minimum payments for purchase of land	**12**	6,892,337
Total		**7,079,304**

Long-term notes payable (due after twelve months from the consolidated balance sheet date).

	Note	December 31,

		2007 QR.
Present value of minimum payments for purchase of land (refer below)	**12**	14,425,822
Total		**14,425,822**

The present value of notes payable has been calculated as below:

	Minimum Payments December 31, 2007 QR.	Present Value of Minimum Payments December 31, 2007 QR.
Not later than one year	7,150,800	6,892,337
Later than one year and not later than five years	16,089,300	14,425,822
Total	**23,240,100**	**21,318,159**
Less future finance charges	(1,921,940)	--
Present value of minimum payments	**21,318,160**	**21,318,159**

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

13. Share Capital:

	December 31, 2007 QR.
Authorised issued and fully paid up share capital 80,000,000 shares of QR.10 each	800,000,000

14. Legal Reserve:

In accordance with the Qatar Commercial Companies' Law No. 5 of 2002, 10% of net income for the period is to be transferred to legal reserve. This annual transfer may cease when the reserve equals 50% of the paid up capital and must be maintained at a minimum of 50% of paid up capital. This reserve is not available for distribution. Any excess over 50% may be distributed in circumstances specified in the Qatar Commercial Companies Law of 2002.

During the period, amount of QR. 19,618,345 and QR. 3,650,000 relating to pre-operating costs and IPO charges, respectively have been offset againsts surplus proceeds from shares issuance fees in the amount of QR. 39,959,340 computed on the basis of 5% of issued and fully paid share capital amount of QR. 799,186,790. The net anount of QR. 16,690,995 has been transferred to legal reserve as per article 192 of the Qatari Companies Law of 2002. Also, an amount of QR. 443,799 has been transferred to legal reserve received as a surplus from the sales of fractional shares.

15. Sale of Cement:

Income from sales transactions relate to sales of cement by one of the subsidiaries of the Company (Note 7).

16. Income from Bank Deposits and Saving:

	For the Period from May 4, 2006 (Date of Inception) to December 31, 2007 QR.
Term deposit	55,309,558
Saving accounts	5,665,372
Total	**60,974,930**

17. General and Administrative Expenses:

For the Period From May 4, 2006 (Date of Inception)

	to December 31, 2007 QR.
Salaries, allowances and other benefits	4,602,093
Rent	2,548,039
DSM registration	734,910
Printing	83,232
Bank charges	95,770
Repairs and maintenance	111,279
Advertisement and communication	971,320
License fees	57,050
Travel	179,095
Entertainment	42,288
Accommodation	46,695
Insurance	12,524
Depreciation	564,586
Legal and professional services	323,950
Management fees	135,000
Technical office expenses	240,408
Site office expenses	403,398
Miscellaneous	609,268
Total	**11,760,905**

18. Basic Earnings per Share:

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

	For the Period From May 4, 2006 (Date of Inception) to December 31, 2007 QR.
Profit for the period	51,293,343
Weighted average number of shares	80,000,000
Basic earnings per share per QR.	0.64

19. Contingent Liabilities:

The following bank guarantees given by the Company were outstanding at the year end:

	December 31, 2007 QR.
Letter of guarantees	8,190,782
	========

20. Financial Instruments:

Financial instruments comprise financial assets and financial liablities:

The financial assets of the company include balances with banks, accounts receivable, advances to suppliers and available-for-sale investments. The financial liabilities of the company include accounts payable and notes payable.

Fair value of financial instruments

Available-for-slae investments are carried at fair value which is based on quoted market prices of securities. The fair value of other financial instruments approximates their carrying value.

21. Risk Management:

Capital risk

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance, cash and cash equivalents and equity, comprising issued capital, reserves and retained earnings.

The capital structure of the Company consist of equity comprising share capital, legal reserve and retained earnings

The Company's risk management team reviews the capital structure on a quarterly basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

Interest rate risk

The Company invests in time deposits and saving accounts that are subject to interest rate risk. Interest rate risk to the Company is the risk of changes in market interest rates reducing the overall return on its interest bearing securities. The Company limits interest rate risk by monitoring changes in interest rates in the currencies in which its cash is denominated.

Market risk

Market risk is the risk that the value of financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual security, or its issuer, or factors affecting all securities traded in the market. The Company limits market risk relateing to its available-for-sale investments by maintaining a diversified portfolio and by continuous monitoring of developments in financial markets.

A 10% increase or decrease in market value of the Company's portfolio of available-for-sale investments is expected to result in an increase or decrease of QR. 4,781,321 in the assets and equity of the Company.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to meet its liabilities and commitments when they fall due. In accordance with prudent liquidity risk management, the management of the Company aims to maintain an adequate amount of funding in the form of cash and bank balances.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company does not hedge its exposure to currency risk. However, management is of the opinion that the Company's exposure to currency risk is minimal.

22. Related Party Transactions:

Compensation of key management personnel

	For the Period from May 4, 2006 (Date of Inception) to December 31, 2007 QR.
Short-term benefits	4,748,500

23. Critical Accounting Estimates and Judgements:

The following are the critical estimates and judgements that management has made in the process of applying the Company's accounting policies and that have a significant effect on the amounts recognised in the financial statements.

Classification of equity investments

The Company invests in quoted securities. Management's intention is to keep these securities for the long term and not for short-term regular trading. Consequently, these investments, are classified as "available for sale". Any short term unrealized gains or losses are treated as part of equity.

Impairment of investments

Management evaluates its investments for impairment on a regular basis where there is a prolonged decline. Management estimates the value of impairment and the same is charged in the income statement.