

QR. 31811

INDEPENDENT AUDITOR'S REVIEW REPORT

**To The Board of Directors
Salam International Investment Limited (Q.S.C.)
Doha - Qatar**

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of **Salam International Investment Limited (Q.S.C.)** (the 'Company'), as at June 30, 2008 comprising of the interim consolidated balance sheet as at June 30, 2008 and the related interim consolidated income statement for the three month and six month periods ended June 30, 2008, statement of changes in equity and cash flows statement for the six month period then ended, and certain explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with **International Financial Reporting Standard: IAS 34 "Interim Financial Reporting"**. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. The interim condensed consolidated financial statements include the assets, liabilities and results of operations of the subsidiaries which have been reviewed by other auditors who issued their unqualified review reports on the respective financial statements. These review reports were furnished to us, and our opinion in so far as it relates to the amounts included for these subsidiaries, is based solely on the reports of other auditors. These subsidiaries with a combined total assets of QR 912 million (December 31, 2007: QR 846.8 million), combined total liabilities of QR 672.2 million (December 31, 2007: QR 569.7million) and net profits of QR 8.9 million (June 30, 2007: QR 19 million) are presented in these interim condensed consolidated financial statements.

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 the interim condensed consolidated financial statements consist 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, and the reports of other auditors, 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 Financial Reporting Standard: IAS 34 “Interim Financial Reporting”**.

For **Deloitte & Touche**

**Doha - Qatar
July 19, 2008**

**Muhammad Bahemia
License No. 103**

SALAM INTERNATIONAL INVESTMENT LIMITED (Q.S.C.)

DOHA - QATAR

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AS OF JUNE 30, 2008

| | | June 30, 2008 (Reviewed) | December 31, 2007 (Audited) |
|---------------------------------|--------------|-----------------------------------------|--------------------------------------------|
| | Note | QR. | QR. |
| | ----- | ----- | ----- |
| <u>ASSETS</u> | | | |
| Current assets: | | | |
| Bank balances and cash | 8 | 77,986,959 | 54,272,331 |
| Trade and other receivables | | 287,754,357 | 279,660,269 |
| Due from related parties | | 7,774,500 | 8,973,693 |
| Retention receivables | | 32,077,393 | 30,621,427 |
| Trading securities | | 10,515,827 | -- |
| Inventories | | 309,433,098 | 291,051,295 |
| Excess of revenue over billings | | 132,090,782 | 116,435,528 |
| Other assets | | 100,070,826 | 64,466,078 |
| | | ----- | ----- |
| Total Current Assets | | 957,703,742 | 845,480,621 |
| | | ----- | ----- |
| Non-current assets: | | | |
| Available for sale investments | | 162,934,541 | 158,073,587 |
| Loan to an associate company | | 2,852,475 | 3,278,217 |
| Investment in associates | | 205,920,237 | 192,682,147 |
| Retention receivables | | 26,123,232 | 18,891,938 |
| Intangible assets | | 114,289,533 | 115,305,020 |
| Investment properties | 5 | 599,273,672 | 678,903,591 |
| Property, plant and equipment | 6 | 380,454,820 | 343,424,942 |
| Other assets | | 9,768,303 | 12,214,820 |
| | | ----- | ----- |
| Total Non-Current Assets | | 1,501,616,813 | 1,522,774,262 |
| | | ----- | ----- |
| Total Assets | | 2,459,320,555 | 2,368,254,883 |
| | | ===== | ===== |

Issa Abdul Salam Abu Issa
Chairman and Chief Executive Officer

Hussam Abdul Salam Abu Issa
Vice Chairman and Chief Operating Officer

SALAM INTERNATIONAL INVESTMENT LIMITED (Q.S.C.)

DOHA - QATAR

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

AS OF JUNE 30, 2008

| | June 30, 2008 (Reviewed) | December 31, 2007 (Audited) |
|----------------------------------------------------------------|--------------------------------|-----------------------------------|
| | ----- QR. | ----- QR. |
| <u>LIABILITIES AND EQUITY</u> | | |
| Current liabilities: | | |
| Borrowings | 238,903,137 | 202,163,978 |
| Post dated cheques payable | 53,639,113 | 51,643,446 |
| Trade and other payables | 176,083,597 | 192,345,726 |
| Due to related parties | 4,781,464 | 8,368,668 |
| Retention payables | 11,137,598 | 9,952,652 |
| Advances from customers | 17,880,951 | 16,564,184 |
| Excess of billings over revenue | 29,549,291 | 24,687,654 |
| Other liabilities | 241,178,071 | 224,478,324 |
| | ----- | ----- |
| Total Current Liabilities | 773,153,222 | 730,204,632 |
| | ----- | ----- |
| Non-current liabilities: | | |
| Borrowings | 153,026,623 | 217,444,861 |
| Retention payables | 10,916,739 | 11,899,951 |
| Post dated cheques payable | 1,852,835 | 3,659,391 |
| Employees' end of service benefits | 19,080,912 | 15,812,723 |
| Other liabilities | 47,039,441 | 45,465,758 |
| | ----- | ----- |
| Total Non-Current Liabilities | 231,916,550 | 294,282,684 |
| | ----- | ----- |
| Capital and Reserves: | | |
| Issued capital | 931,516,880 | 828,015,000 |
| Legal reserve | 321,869,137 | 321,869,137 |
| Investments revaluation reserve | 33,850,429 | 20,457,490 |
| Retained earnings | 157,691,828 | 60,850,066 |
| Property revaluation reserve | 4,581,898 | 5,019,080 |
| Proposed issue of bonus shares | -- | 103,501,880 |
| | ----- | ----- |
| Equity Attributable to Equity Holders of the Parent | 1,449,510,172 | 1,339,712,653 |
| Minority Interest | 4,740,611 | 4,054,914 |
| | ----- | ----- |
| Total Equity | 1,454,250,783 | 1,343,767,567 |
| | ----- | ----- |
| Total Liabilities and Equity | 2,459,320,555 | 2,368,254,883 |
| | ===== | ===== |

Mr. Issa Abdul Salam Abu Issa
Chairman and Chief Executive Officer

Mr. Hussam Abdul Salam Abu Issa
Vice Chairman and Chief Operating Officer

DOHA - QATAR

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2008

| | Note | <u>For the three month period ended</u> | | <u>For the six month period ended</u> | |
|-------------------------------------------------------------|------|-----------------------------------------|--------------------|---------------------------------------|--------------------|
| | | <u>June 30,</u> | | <u>June 30,</u> | |
| | | 2008 | 2007 | 2008 | 2007 |
| | | (Reviewed) | (Reviewed) | (Reviewed) | (Reviewed) |
| | | QR. | QR. | QR. | QR. |
| Operating income | | 414,579,578 | 296,256,642 | 784,736,884 | 559,442,770 |
| Operating cost | | (294,623,559) | (210,993,532) | (565,736,509) | (400,892,276) |
| Gross Profit | | 119,956,019 | 85,263,110 | 219,000,375 | 158,550,494 |
| Investment income | 7 | 32,120,390 | 11,960,338 | 78,909,094 | 25,106,832 |
| Other operational income | | 1,626,478 | 1,477,400 | 2,621,624 | 2,712,960 |
| Service and consultancy income | | 4,603,775 | 1,734,156 | 6,253,039 | 2,756,848 |
| Other income | | 4,539,061 | 2,445,601 | 7,776,084 | 6,070,847 |
| | | 162,845,723 | 102,880,605 | 314,560,216 | 195,197,981 |
| Salaries and related cost | | (48,158,814) | (37,051,797) | (92,947,432) | (70,236,756) |
| General and administrative expenses | | (53,520,135) | (26,302,524) | (87,433,342) | (48,620,635) |
| Amortization of intangible assets | | (730,202) | (722,491) | (1,537,628) | (1,440,681) |
| Depreciation of investment properties | | (698,919) | (535,915) | (1,441,877) | (1,065,942) |
| Depreciation of property, plant and equipment | | (10,528,411) | (6,382,476) | (20,464,530) | (12,713,125) |
| Finance costs | | (3,637,233) | (4,740,547) | (9,159,135) | (7,750,367) |
| Profit Before Executives and General Managers' Bonus | | 45,572,009 | 27,144,855 | 101,576,272 | 53,370,475 |
| Executives and General Managers' bonus | | (2,587,751) | (991,492) | (3,707,842) | (1,994,700) |
| Net Profit for the Period | | 42,984,258 | 26,153,363 | 97,868,430 | 51,375,775 |
| Attributable to : | | | | | |
| Equity holders of the parent | | 42,380,340 | 26,253,911 | 96,404,580 | 51,764,217 |
| Minority interest holders | | 603,918 | (100,548) | 1,463,850 | (388,442) |
| | | 42,984,258 | 26,153,363 | 97,868,430 | 51,375,775 |
| Earnings Per Share (Basic and Diluted) | | 0.45 | 0.28 | 1.03 | 0.56 |

