

## **Board of Directors' Report**

### **Annual General Meeting – March 10, 2008**

#### **Dear Shareholders,**

On behalf of the Board of Directors of Salam International Investment Limited it gives me great pleasure to welcome you to this meeting. I also welcome the representatives of the Ministry of Economy and Commerce/ Department of Trade Affairs, Deloitte and Touche, the company's financial auditors and representatives from the Doha Securities Market. The Board of Directors is pleased to present, hereunder, its ninth annual report on Company's performance, activities, projects and financial results for the financial year 2007 and the company's future business plan.

#### **1- Company's Investments**

Based on the company's general strategy that aims towards sustainable and profitable growth, during 2007, the company persisted identifying and exploring potential investments opportunities or entering new joint venture agreements to complete the company's activities and subsidiaries and seized growth opportunities in new activities and fields which opened horizons for the company and enhanced diversified operations, geographic distribution and balance of investment's portfolio.

#### **2- Company's Future business Plans**

Beyond 2007, the company will continue implementing its corporate strategy that aims to achieve profitable, sustainable growth through exploiting all available resources, expansion, and extending regional growth to achieve highest shareholder value and maximize targeted returns from the company's activities.

The company seeks to execute its future plans and achieve growth targets through the following three main expansion sources:

- Operating profit generated from activities of business units and subsidiaries
- Capital gains generated from direct and indirect investment portfolio locally and regionally
- Real estate generated gains from company's real estate projects and value appreciation of owned properties or from the utilization of these properties

The company will depend on diversified operations and consequently profit resources, with the aim to achieve balance and highest level of possible protection, and to minimize the possible risk of economic downturns locally and regionally.

Whereas, the company's future plans include geographic expansion, in which the company operates its activities throughout new geographic regions and evolving markets that have considerable potentials in growth and diversification through seizing strategic growth opportunities.

The company's future plans aim to maximize benefits and to seize available expansion and growth opportunities in Qatar and other GCC countries, which is considered the most growing region in the world. This is all reflected by revenues and net profit growth, return on equity and maximized shareholder values.

In addition to the company's plans that aim towards growth, expansion & financial performance enhancement; SILL will continue enhancing and empowering its human capital to ensure optimal performance standards.

SILL is committed to strengthen the implementation of long term corporate governance initiative to formulate the overall corporate governance plans and procedures, including instituting specialized committees responsible for overseeing the enforcement of corporate governance plans to ensure accountability, transparency, disclosure and equal opportunities. The initiative will look into restructuring the BOD in order to maximize its participation and effective representation of minority shareholders.

Moreover, the Board of Directors would like to inform your assembly that 2.5% of 2007 net profit (QRs 3.5 million) has been allocated to be spent on charitable activities and social services; this is considered part of the general and administrative expenses for 2008. This is in accordance to the company's corporate strategy that aims to develop and service communities that the company operates in.

### **3- Financial Results for the year 2007**

The consolidated financial statements for the year ended on 31/12/2007, showed a net profit around QR 128.5 million, mostly from the company's core operations. These profits are net profit after taking approximately QR 5.2 million as provision to cover part of the value decrease of some investments during 2007.

Bearing in mind that the above profits were achieved in spite of the increase in wages and salaries and general administrative expenses (G&A) during 2007, due to salaries and increments raised in order to be at par with living expenses and to hire new qualified employees. Wages and salaries increased by around QR 30 million, a percentage of 25% compared to last year's wages and salaries, and G&A increased by QR 14 million.

It is worth mentioning that 2006 profits included an exceptional profit which resulted from the sale of real estate property. In case excluding the mentioned profit, the profit of 2007 would be increased by a considerable percentage compared to the achieved profits in 2006.

In addition, some of the company's assets recorded considerable growth in its market value. The consolidated financial statements did not reflect this growth; however it is disclosed in the notes of the financial statements.

Based on achieved financial results, the Board of Directors recommends to your esteemed assembly to approve the distribution of 12.5% bonus shares of paid up capital, (one share for every eight shares), and retain the remainder of the profits for the following year.

I would like to avail myself of this opportunity on your behalf and on behalf of the Board of Directors to express my deep gratitude to H.H. the Emir, Sheikh Hamad Bin Khalifa Al Thani, H.H. the Heir Apparent, Sheikh Tamim Bin Hamad Al Thani and H.H. the Prime Minister, Sheikh Hamad Bin Jassim Al Thani for their continuous support in the development of our beloved country, Qatar.

Also, I would like to take this opportunity to extend my thanks to His Excellency the Minister of Economy & Commerce, the Director of Trade Affairs and all the staff in the Department of Affairs for their continuous efforts in supporting the private sector to improve its institutions and economic developments of our beloved country, Qatar.

In conclusion, I would like to extend my thanks to the members of the Board of Directors and all the company's staff for their sincere efforts in exerting their utmost efforts for the best interests of the company and its shareholders.

**Issa Abdul Salam Abu Issa**

Chairman and CEO