

Board of Directors' Report **Annual General Meeting- March 03, 2009**

Dear Shareholders,

On behalf of the Board of Directors of Salam International Investment Limited (SIIL), It gives me great pleasure to welcome you to this meeting; I also welcome the representatives of the Ministry of Business and Trade/ 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 tenth annual report on Company's activities, performance, future business plans, financial results for the financial year 2008 and its policy facing global economic crisis.

1- Investment activities:

Based on the company's general strategy that aims towards sustainable and profitable growth, the company continued its investment strategy during 2008 which aims to identify potential investment opportunities that complete the activities of the company and its subsidiaries, and seize growth opportunities in new activities and fields which open horizons for the company and enhance diversified operations, geographic distribution and balance of the investment portfolio.

2- Company's policy toward Global Economic Crisis

Due to the company's financial and investment conservative policy represented in; a) stating the company's properties investment and fixed assets in cost value without revaluation, b), low debt leverage, c), limited exposure to financial investments and d), avoid derivatives investments. The company managed to be safe from the effects of the global economic crisis. Therefore, there were no major effects on the company's operations or financial results during 2008, except the decrease in the market value of local shares portfolio. Whereas, appropriate provisions were taken into the financial statements for the period ending on 31.12.2008 based on IAS.

I am certain that all of you are aware of the global economic changes that the world is witnessing, represented in the current economic crisis and the ongoing expectations that the world Economy is going towards recession and the next upcoming years will be hard & challenging.

Therefore, the company plans to face any possible effects of the global economic crisis through continuing the implementation of its conservative strategy mentioned above, and aims to adopt a sound cash policy that maintains a healthy cash flow to avoid any negative impact of the aforementioned crisis. The company will concentrate on exploiting available resources, enhancing performance & minimizing expansion in the region and to seize strategic & investment opportunities resulting from said crisis.

In spite of cost and expenditure efficiency SIIL aims to enhance expenditure rationalization for the year 2009, to enable the company to face any future possible changes in the market.

In addition to company's plans that aim to face any potential negative impact of the global economic crisis, SIIL intends to keep technical & specialized workforce as they represent one of the most important intangible assets of the company. SIIL will continue enhancing & empowering its human capital to ensure optimal performance standards.

3- Future plans

SIIL will continue during 2009 implementing its corporate strategy that aims to achieve optimal profits and avoid risks to reach highest shareholder value and maximize return from the company's activities.

SIIL will depend on diversified operations, consequently diversified profit resources, with the aim to achieve balance and highest level of possible protection, and to mitigate the possible risk of local and regional economic downturns resulting from the global economic crisis.

Furthermore, the company will implement a policy that depends on monitoring developments of the economic crisis & evaluating its effects on the company's activities in order to minimize any possible effects on the company's performance during 2009-2010.

SIIL will continue implementing its long term corporate governance plans that ensure accountability, transparency, disclosure & equal opportunities.

SIIL will continue cooperating closely with sister company Salam Bounian in real estate development by either participating in existing projects or establishing joint real estate projects which maximize shareholders value for both companies.

The Board of Directors would like to inform your esteemed Assembly that the company will continue the implementation of its social responsibility program, by spending on charitable activities and social services during the financial year 2009; this is considered part of the General and Administrative expenses for 2009. This is in accordance with the distinguished social & economic interaction of the company and its contribution to the social development, in accordance with company's corporate strategy that aims to develop and service communities that the company operates in. Taking into consideration that an amount of QR 3.9 million of the net profits for year 2008 has been allocated to support sportive, social, educational and charitable activities in accordance with law number (13) for year 2008.

Financial Results 2008:

The consolidated financial statements for the year ended on 31/12/2008, showed a net profit around QR 153.9 million, representing an increase of 20% compared to the achieved net profit of the year 2007.

These profits are net, after taking approximately QR 12.7 million a provision to cover part of the value decrease of some investments during 2008. Total revenues of the company for 2008 increased by around QR 399.6 million representing a percentage of 29.5% compared to year 2007.

Bearing in mind that the above profits were achieved in spite of the high increase in wages, salaries and General & Administrative expenses (G&A). Salaries and wages increased in 2008 by around QR 50 million, a percentage of 33.9%, in addition to the increase in General & Administrative expenses by around QR 69.4 million.

In addition, market value of the company's real estate investments substantially exceeds its book value as determined by independent experts' estimation. The consolidated financial statements did not reflect this growth; however it is disclosed in the notes of the financial statements.

Based on the achieved financial results, the Board of Directors recommends your esteemed Assembly to approve profits' distribution for the year 2008, by 12.5% of paid up capital as follows: 6.25% cash dividends, 6.25% bonus shares, i.e. 1 share for every 16 shares, to shareholders registered as of the date of the General Assembly.

I would like to avail myself of this opportunity 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 Minister of Business and Trade, Undersecretary, Assistant Undersecretary and all the staff in the Ministry of Business and Trade 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 for the best interests of the company & its shareholders.



Issa Abdul Salam Abu Issa
Chairman & CEO

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Note:

This text has been translated from its original Arabic equivalent, which remains the official version