

**SALAM INTERNATIONAL**  
**INVESTMENT LIMITED (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**

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 balance sheet of **Salam International Investment Limited (Q.S.C.)** (the 'Company'), as at 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 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 680.6 million (December 31, 2006: QR 682.5 million), combined total liabilities of QR 439 million (December 31, 2006: QR 390.1 million) and net profits of QR 19 million (June 30, 2006: QR 26.4 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”**.

We draw attention to note (3) of these interim condensed consolidated financial statements with regard to the acquisition of Salam Group W.L.L. Qatar during 2005. The Ministry of Economy and Commerce and the Company requested the Civil Court to appoint one or more independent experts to verify the valuation of Salam Group W.L.L., Qatar. The civil court appointed the said experts and the verification process is in progress.

**For Deloitte & Touche**

**Doha - Qatar  
July 19, 2007**

**Muhammad Bahemia  
License No. 103**

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

**DOHA - QATAR**

**INTERIM CONDENSED CONSOLIDATED BALANCE SHEET**  
**AS OF JUNE 30, 2007**

|  | Note     | June 30,<br>2007<br>(Reviewed) | December 31,<br>2006<br>(Audited) |
|--|----------|--------------------------------|-----------------------------------|
|  | -----    | -----                          | -----                             |
| <b><u>ASSETS</u></b>                     |          | <b>QR.</b>                     | <b>QR.</b>                        |
| <b>Current assets:</b>                   |          |                                |                                   |
| Bank balances and cash                   |          | 47,879,161                     | 76,393,380                        |
| Trade and other receivables              |          | 231,596,348                    | 276,941,561                       |
| Due from related parties                 |          | 11,599,729                     | 9,017,779                         |
| Retention receivables                    |          | 19,222,176                     | 22,531,668                        |
| Inventories                              |          | 234,223,495                    | 185,412,884                       |
| Revenue recognized in excess of billings |          | 95,716,870                     | 70,478,467                        |
| Other assets                             |          | 55,132,942                     | 40,609,519                        |
|  |          | -----                          | -----                             |
| <b>Total Current Assets</b>              |          | <b>695,370,721</b>             | <b>681,385,258</b>                |
|  |          | -----                          | -----                             |
| <b>Non-current assets:</b>               |          |                                |                                   |
| Available for sale investments           |          | 174,253,422                    | 174,612,972                       |
| Loan to an associate company             |          | 2,852,475                      | 2,852,475                         |
| Investment in associates                 |          | 106,716,362                    | 103,771,237                       |
| Retention receivables                    |          | 18,297,460                     | 14,896,427                        |
| Intangible assets                        |          | 115,814,187                    | 117,043,757                       |
| Investment properties                    | <b>5</b> | 692,540,006                    | 632,030,681                       |
| Property, plant and equipment            | <b>6</b> | 282,714,794                    | 244,373,988                       |
| Other assets                             |          | 13,548,742                     | 7,998,816                         |
|  |          | -----                          | -----                             |
| <b>Total Non-Current Assets</b>          |          | <b>1,406,737,448</b>           | <b>1,297,580,353</b>              |
|  |          | -----                          | -----                             |
| <b>Total Assets</b>                      |          | <b>2,102,108,169</b>           | <b>1,978,965,611</b>              |
|  |          | =====                          | =====                             |

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

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

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

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

**DOHA - QATAR**

**INTERIM CONDENSED CONSOLIDATED BALANCE SHEET**

**AS OF JUNE 30, 2007**

|  | <b>June 30,<br/>2007<br/>(Reviewed)</b> | <b>December 31,<br/>2006<br/>(Audited)</b> |
|--|---|--|
|  | -----<br><b>QR.</b>                     | -----<br><b>QR.</b>                        |
| <b><u>LIABILITIES AND EQUITY</u></b>                           |   |  |
| <b>Current liabilities:</b>                                    |   |  |
| Due to banks   | 117,057,818                             | 99,949,121                                 |
| Term loans   | 26,489,911                              | 28,591,065                                 |
| Post dated cheques payable                                     | 53,426,845                              | 45,968,276                                 |
| Trade and other payables                                       | 123,870,248                             | 136,170,494                                |
| Retention payables   | 6,637,431                               | 14,563,976                                 |
| Advances from customers  | 16,329,333                              | 16,447,620                                 |
| Billings in excess of revenue recognized                       | 44,480,665                              | 36,436,249                                 |
| Due to related parties   | 7,042,221                               | 4,260,463                                  |
| Other liabilities  | 187,438,532                             | 159,413,541                                |
|  | -----                                   | -----                                      |
| <b>Total Current Liabilities</b>                               | <b>582,773,004</b>                      | <b>541,800,805</b>                         |
|  | -----                                   | -----                                      |
| <b>Non-current liabilities:</b>                                |   |  |
| Term loans   | 168,325,268                             | 57,590,265                                 |
| Retention payables   | 10,580,850                              | 2,775,272                                  |
| Employees' end of service benefits                             | 13,613,693                              | 11,923,743                                 |
| Post dated cheques payable                                     | 40,751,657                              | 40,249,030                                 |
| Other liabilities  | 44,078,306                              | 42,690,853                                 |
|  | -----                                   | -----                                      |
| <b>Total Non-Current Liabilities</b>                           | <b>277,349,774</b>                      | <b>155,229,163</b>                         |
|  | -----                                   | -----                                      |
| <b>Capital and Reserves:</b>                                   |   |  |
| Issued capital   | 828,015,000                             | 828,015,000                                |
| Legal reserve  | 309,015,572                             | 309,015,572                                |
| Investments revaluation reserve                                | (3,919,812)                             | 3,674,705                                  |
| Retained earnings  | 100,863,208                             | 48,631,374                                 |
| Property revaluation reserve                                   | 5,584,875                               | 6,052,492                                  |
| Proposed cash dividends  | -                                       | 82,801,500                                 |
| Proposed directors' remuneration                               | -                                       | 1,800,000                                  |
|  | -----                                   | -----                                      |
| <b>Equity Attributable to<br/>Equity Holders of the Parent</b> | <b>1,239,558,843</b>                    | <b>1,279,990,643</b>                       |
| Minority Interest  | 2,426,548                               | 1,945,000                                  |
|  | -----                                   | -----                                      |
| <b>Total Equity</b>  | <b>1,241,985,391</b>                    | <b>1,281,935,643</b>                       |
|  | -----                                   | -----                                      |
| <b>Total Liabilities and Equity</b>                            | <b>2,102,108,169</b>                    | <b>1,978,965,611</b>                       |
|  | =====                                   | =====                                      |

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

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

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

**DOHA - QATAR**

**INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT**

**FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2007**

|   | <u>For the three month period ended</u> |                   | <u>For the six month period ended</u> |                    |
|---|---|-------------------|---------------------------------------|--------------------|
|   | <u>June 30,</u>                         |                   | <u>June 30,</u>                       |                    |
|   | <u>2007</u>                             | <u>2006</u>       | <u>2007</u>                           | <u>2006</u>        |
|   | <u>(Reviewed)</u>                       | <u>(Reviewed)</u> | <u>(Reviewed)</u>                     | <u>(Reviewed)</u>  |
|   | <u>-----</u>                            | <u>-----</u>      | <u>-----</u>                          | <u>-----</u>       |
|   | <u>QR.</u>                              | <u>QR.</u>        | <u>QR.</u>                            | <u>QR.</u>         |
| Operating income                                    | 296,256,642                             | 266,095,101       | 559,442,770                           | 534,041,426        |
| Operating cost                                      | (210,993,532)                           | (190,577,713)     | (400,892,276)                         | (393,284,714)      |
| <b>Gross Profit</b>                                 | <b>85,263,110</b>                       | <b>75,517,388</b> | <b>158,550,494</b>                    | <b>140,756,712</b> |
| Investment income                                   | 11,960,338                              | 7,767,050         | 25,106,832                            | 21,138,404         |
| Other operational income                            | 1,477,400                               | 2,557,199         | 2,712,960                             | 2,557,199          |
| Service and consultancy income                      | 1,734,156                               | 2,723,190         | 2,756,848                             | 3,828,564          |
| Other income  | 2,445,601                               | 4,452,582         | 6,070,847                             | 7,627,093          |
| Salaries and related cost                           | (37,051,797)                            | (27,919,761)      | (70,236,756)                          | (54,392,977)       |
| General and administrative expenses                 | (26,302,524)                            | (26,298,005)      | (48,620,635)                          | (47,103,502)       |
| Amortization on intangible assets                   | (722,491)                               | (963,659)         | (1,440,681)                           | (1,353,360)        |
| Depreciation on investment properties               | (535,915)                               | (298,519)         | (1,065,942)                           | (1,179,991)        |
| Depreciation on property, plant and equipment       | (6,382,476)                             | (5,599,353)       | (12,713,125)                          | (10,208,888)       |
| Impairment on available for sale investments        | --                                      | (3,000,000)       | --                                    | (4,500,000)        |
| Finance costs                                       | (4,740,547)                             | (2,424,115)       | (7,750,367)                           | (4,738,196)        |
| <b>Profit Before General Managers' Profit Share</b> | <b>27,144,855</b>                       | <b>26,513,997</b> | <b>53,370,475</b>                     | <b>52,431,058</b>  |
| General Managers' profit share                      | (991,492)                               | (1,878,291)       | (1,994,700)                           | (3,381,931)        |
| <b>Net Profit for the Period</b>                    | <b>26,153,363</b>                       | <b>24,635,706</b> | <b>51,375,775</b>                     | <b>49,049,127</b>  |
| <b>Attributable to :</b>                            |   |                   |                                       |                    |
| <b>Equity holders of the parent</b>                 | <b>26,253,911</b>                       | <b>25,042,684</b> | <b>51,764,217</b>                     | <b>49,598,615</b>  |
| <b>Minority interest holders</b>                    | <b>(100,548)</b>                        | <b>(406,978)</b>  | <b>(388,442)</b>                      | <b>(549,488)</b>   |
|   | <b>26,153,363</b>                       | <b>24,635,706</b> | <b>51,375,775</b>                     | <b>49,049,127</b>  |
| <b>Earnings Per Share</b>                           |   |                   |                                       |                    |
| Basic EPS   | <b>0.32</b>                             | <b>0.30</b>       | <b>0.63</b>                           | <b>0.60</b>        |
| Adjusted weighted average number of shares          | 82,801,500                              | 82,801,500        | 82,801,500                            | 82,801,500         |

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

