

INDEPENDENT AUDITOR’S REPORT

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

Report on the interim financial statements

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

Management’s responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these interim 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 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 interim 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the interim financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 interim financial statements give a true and fair view of the financial position of **Gulf Cement Company (QSC)** as of 31 December 2006, and of its financial performance and its cash flows for the period from 4 May 2006 (Date of Inception) to 31 December 2006, in accordance with **International Financial Reporting Standards**.

Preparation of the interim financial statements

Per the Company's Articles of Association, the fiscal year end of the Company is December 31 and the first financial statements will be prepared for the period from May 4, 2006 (date of inception) to December 31, 2007.

These interim financial statements were prepared for the purpose of filing with Doha Securities Market.

For **Deloitte & Touche**

Doha - Qatar
January 31, 2007

Samer Jaghoub
License No. 88

GULF CEMENT COMPANY (QSC)
DOHA - QATAR

INTERIM BALANCE SHEET
AT DECEMBER 31, 2006

ASSETS	Notes	<u>December 31,</u> <u>2006</u> <u>QR.</u>
Current assets		
Cash and bank balances	4	113,861,964
Short term deposits	4 a	654,000,000
Income accrued	5	11,578,573
Prepayments and other receivables	6	587,783
Advances to suppliers		237,706

Total current assets		780,266,026

Non-current assets		
Property, plant and equipment	7	3,959,396
Investment property	8	31,154,079
Available-for-sale investments	9	42,792,505

Total non-current assets		77,905,980

Total assets		858,172,006
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GULF CEMENT COMPANY (QSC)
DOHA - QATAR

INTERIM BALANCE SHEET
AT DECEMBER 31, 2006

	<u>December 31,</u> <u>2006</u> <u>QR.</u>
LIABILITIES	
Current liabilities	
Trade and other payables	95,797
Notes payable	6,985,407

Total current liabilities	7,081,204
Non-current liabilities	
Notes payable	19,241,072
Employees end of service benefits	151,265

Total non-current liabilities	19,392,337

Total liabilities	26,473,541

EQUITY	
Capital and reserves	
Capital	799,186,790
Legal reserve	18,671,956
Fair value reserve	(3,988,933)
Retained earnings	17,828,652

Total Equity	831,698,465

Total equity and liabilities	858,172,006
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GULF CEMENT COMPANY (QSC)
DOHA - QATAR

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

	For the Period From May 4, 2006 (Date of Inception) to December 31, 2006 <u>QR.</u>
Income	
Income from short-term deposits	25,486,979
Realized loss from sale of investments available- for-sale	(3,208,138)
Other income	63,369

Total Income	22,342,210

Expenses	
General and administrative expenses	(2,532,597)

Net Income for the Period	19,809,613
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Earnings per share (basic & diluted)	0.37
