

GULF HOLDING COMPANY (Q.S.C.)
DOHA - QATAR

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED
JUNE 30, 2008
TOGETHER WITH INDEPENDENT
AUDITOR'S REVIEW REPORT

GULF HOLDING COMPANY (Q.S.C.)

DOHA - QATAR

JUNE 30, 2008

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**Independent Auditor's Review Report on the Interim
Condensed Consolidated Financial Statements**

**To The Board of Directors
Gulf Holding Company (Q.S.C.)
Doha - Qatar**

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of **Gulf Holding Company (Q.S.C.)**, as at **June 30, 2008** and the related interim condensed consolidated statements of income, changes in shareholders' equity and cash flows for the six-month period then ended, and a summary of selected explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with **International Accounting Standard No. (34), "Interim Financial Reporting"**. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

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 interim financial information consists 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, 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 Accounting Standard No. (34), "Interim Financial Reporting"**.

For **Deloitte & Touche**

**Doha - Qatar
July 13, 2008**

**Samer Jaghoub
License No. 88**

GULF HOLDING COMPANY (Q.S.C)
DOHA - QATAR

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
AS OF JUNE 30, 2008

<u>ASSETS</u>	<u>Notes</u>	<u>June 30,</u> <u>2008</u> <u>(Reviewed)</u> <u>QR.</u>	<u>December 31,</u> <u>2007</u> <u>(Audited)</u> <u>QR.</u>
Current Assets:			
Cash and bank balances	3	544,133,695	579,447,820
Accrued income	4	8,545,819	12,820,628
Accounts receivable and other debit balances		8,924,424	3,819,963
Advances to suppliers	5	200,499,732	206,290,141
		-----	-----
Total Current Assets		762,103,670	802,378,552
		-----	-----
Non-Current Assets:			
Available-for-sale investments	6	93,893,200	47,813,215
Property, plant and equipment	7	128,810,232	10,042,375
Investment property	8	--	33,832,060
		-----	-----
Total Non-Current Assets		222,703,432	91,687,650
		-----	-----
Total Assets		984,807,102	894,066,202
		=====	=====

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

GULF HOLDING COMPANY (Q.S.C)
DOHA - QATAR

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET
AS OF JUNE 30, 2008

	Notes	<u>June 30,</u> <u>2008</u> <u>(Reviewed)</u> <u>QR.</u>	<u>December 31,</u> <u>2007</u> <u>(Audited)</u> <u>QR.</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Trade and other payables		11,904,176	4,537,272
Borrowings	9	55,282,579	7,529,304
		-----	-----
Total Current Liabilities		67,186,755	12,066,576
		-----	-----
Non-Current Liabilities:			
Borrowings	9	6,070,920	14,425,822
Employees end of service benefits		328,806	205,377
Retention payable		4,169,973	--
		-----	-----
Total Non-Current Liabilities		10,569,699	14,631,199
		-----	-----
Total Liabilities		77,756,454	26,697,775
		-----	-----
Equity:			
Capital	10	800,000,000	800,000,000
Legal reserve		26,613,855	22,264,128
Fair value reserve		(4,874,759)	(1,059,710)
Retained earnings		85,311,552	46,164,009
		-----	-----
Total equity		907,050,648	867,368,427
		-----	-----
Total Equity and Liabilities		984,807,102	894,066,202
		=====	=====

These financial statements were approved and signed by:

Abdullah Bin Nasser Al-Misnad
Chairman and Managing Director

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FINANCIAL STATEMENTS

GULF HOLDING COMPANY (Q.S.C)
DOHA - QATAR

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2008

		<u>For the Six Month Period Ended</u>	
		<u>June 30,</u>	
	<u>Note</u>	<u>2008</u>	<u>2007</u>
		<u>(Reviewed)</u>	<u>(Reviewed)</u>
		<u>QR.</u>	<u>QR.</u>
Income			
Sale of Cement		10,710,869	--
Income from bank deposits	11	13,350,816	18,005,367
Gain / (Loss) from sale of available-for-sale investments		3,861,479	(2,720,177)
Dividends income		1,000,000	410,000
Gain on sale of investment property	8	31,080,278	--
Other income		137,659	145,809
		-----	-----
Total Income		60,141,101	15,840,999
Expenses			
Cost of Cement Sales		(9,561,868)	--
General and administrative expenses		(7,081,963)	(2,668,300)
		-----	-----
Profit for the Period		43,497,270	13,172,699
		=====	=====
Earnings per share (basic & diluted)	12	0.54	0.16
		-----	-----

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FINANCIAL STATEMENTS

GULF HOLDING COMPANY (Q.S.C)
DOHA - QATAR

INTERIM CONDENSED CONSOLIDATED
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2008

	Capital	Legal Reserve	Fair value Reserve	Retained Earnings	Total
	----- QR.	----- QR.	----- QR.	----- QR.	----- QR.
Balance – January 1, 2007 (Audited)	799,186,790	18,671,956	(3,988,933)	17,828,652	831,698,465
Sale of fractional shares	813,210	443,799	--	--	1,257,009
Profit for the period	--	--	--	13,172,699	13,172,699
Transfer to legal reserve	--	1,317,270	--	(1,317,270)	--
Net movement in fair value reserve	--	--	3,991,070	--	3,991,070
	-----	-----	-----	-----	-----
Balance – June 30, 2007 (Reviewed)	800,000,000	20,433,025	2,137	29,684,081	850,119,243
	=====	=====	=====	=====	=====
Balance – January 1, 2008 (Audited)	800,000,000	22,264,128	(1,059,710)	46,164,009	867,368,427
Profit for the period	--	--	--	43,497,270	43,497,270
Transfer to legal reserve	--	4,349,727	--	(4,349,727)	--
Net movement in fair value reserve	--	--	(3,815,049)	--	(3,815,049)
	-----	-----	-----	-----	-----
Balance – June 30, 2008 (Reviewed)	800,000,000	26,613,855	(4,874,759)	85,311,552	907,050,648
	=====	=====	=====	=====	=====

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

GULF HOLDING COMPANY (Q.S.C)
DOHA - QATAR

INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2008

	<u>Note</u>	<u>For the Six Month Period Ended</u>	
		<u>June 30,</u>	
		<u>2008</u>	<u>2007</u>
		<u>(Reviewed)</u>	<u>(Reviewed)</u>
		<u>QR.</u>	<u>QR.</u>
<u>Cash Flows From Operating Activities:</u>			
Profit for the period		43,497,270	13,172,699
Adjustments for:			
Depreciation of property, plant and equipment		1,119,535	154,061
Gain/(Loss) from sale of available-for-sale investments		(3,861,479)	2,720,177
Employees' end of service benefits		123,429	256,454
Gain on sale of investment property		(31,080,278)	--
		-----	-----
		9,798,477	16,303,391
Movement in Working Capital:			
Accrued income		4,274,809	3,217,397
Advances to suppliers		5,790,409	(123,495,893)
Accounts receivable and other debit balances		(5,104,461)	(1,545,681)
Due from related parties		--	(23,170)
Trade and other payables		7,366,904	113,830
Retention payable		4,169,973	--
		-----	-----
Net Cash From (Used in) Operating Activities		26,296,111	(105,430,126)
		-----	-----
<u>Cash Flows From Investing Activities:</u>			
Purchase of property, plant and equipment		(119,887,392)	(2,219,315)
Net proceed from sale of Investment property		64,912,338	(7,150,800)
Net movement for available-for-sale investments		(46,033,555)	39,986,333
		-----	-----
Net Cash (Used in) From Investing Activities		(101,008,609)	30,616,218
		-----	-----

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GULF HOLDING COMPANY (Q.S.C)
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INTERIM CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2008

	<u>Note</u>	<u>For the Six Month Period Ended</u>	
		<u>June 30,</u>	
		<u>2008</u>	<u>2007</u>
		<u>(Reviewed)</u>	<u>(Reviewed)</u>
		<u>QR.</u>	<u>QR.</u>
<u>Cash Flows From Financing Activities:</u>			
Borrowings		39,330,375	--
Proceeds from issuance of equity shares		--	1,257,009
		-----	-----
Net Cash From Financing Activities		39,330,375	1,257,009
		-----	-----
Net increase in cash and cash equivalents		(35,382,123)	(73,556,899)
Cash and cash equivalents at the beginning of the period		579,447,820	767,861,964
		-----	-----
Cash and Cash Equivalents at the End of the Period	13	544,065,697	694,305,065
		=====	=====

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FINANCIAL STATEMENTS

GULF HOLDING COMPANY (Q.S.C)
DOHA – QATAR

NOTES TO THE INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2008

1. Legal Status and Principal Activities:

Gulf Holding Company (the "Company") is a Qatari Shareholding Company (Q.S.C.) incorporated in the State of Qatar on May 4, 2006 under Commercial Registration No.32831. The Company is governed by the provisions of the Qatar Commercial Companies law No. (5) of (2002) and the Doha Securities Market Regulations. In the extraordinary general assembly meeting held on February 26, 2008 the Company obtained the approval from the shareholders to change the name of the Company from Gulf Cement Company (Q.S.C.) to Gulf Holding Company (Q.S.C). The Company has been formed to primarily engage in the production and sale of cement. The Company also engages in setting up factories, importing and exporting cement.

The Company has not started operations as of the consolidated financial statement. As of the balance sheet date, the Company's activities were confined to setting up the plant and utilization of the monies received from the shareholders in investment activities in addition to financing all stages of the plant's construction.

The consolidated financial statements for the period ended June 30, 2008 comprise those of the Company and its subsidiaries.

Certain sales of cement were made during the period by one of the subsidiaries (Gulf Cement Services Company). These sales are included in these interim condensed consolidated financial statements.

2. Significant Accounting Policies:

These interim condensed consolidated financial statements are prepared in accordance with **IAS 34 "Interim Financial Reporting"**. The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended December 31, 2007, except for the adoption of certain revised, new standards and interpretations which are effective as of January 1, 2008. Adoption of these standards and interpretations did not have any material effect on the financial position or performance of the Company.

The accompanying interim condensed consolidated financial statements should be read in conjunction with the 2007 annual financial statements and the notes attached thereto.

3. Cash and Bank Balances:

	<u>June 30,</u> <u>2008</u> (Reviewed) QR.	<u>December 31,</u> <u>2007</u> (Audited) QR.
Saving and current accounts	40,090,775	20,893,632
Cash held by Islamic Financial Company	42,920	8,554,188
Term deposits	504,000,000	550,000,000
	-----	-----
Total	<u>544,133,695</u>	<u>579,447,820</u>

Short term deposits and saving accounts in various banks earn effective rates of return ranging from 5% to 5.5%, and 3%, respectively. These short term deposits and saving accounts have maturity periods of up to 90 days.

4. Accrued Income:

	<u>June 30,</u> <u>2008</u> (Reviewed) QR.	<u>December 31,</u> <u>2007</u> (Audited) QR.
Income from saving accounts	281,375	1,113,684
Income from term deposits	8,264,444	11,706,944
	-----	-----
Total	<u>8,545,819</u>	<u>12,820,628</u>

5. Advances to Suppliers:

Advances to suppliers represent amounts paid to suppliers towards building machineries and equipment relating to the Cement plant. Advances to suppliers shall be transferred to work-in- progress upon completion of work related to these advances.

6. Available-for-Sale Investments:

	<u>June 30,</u> <u>2008</u> <u>(Reviewed)</u> <u>QR.</u>	<u>December 31,</u> <u>2007</u> <u>(Audited)</u> <u>QR.</u>
Quoted Investment (at fair value)		
Local share	83,393,200	47,813,215
	-----	-----
Unquoted Investment (at Cost)	10,500,000	--
	-----	-----
	<u>93,893,200</u>	<u>47,813,215</u>
	=====	=====

7. Property, Plant and Equipment:

	<u>June 30,</u> <u>2008</u> <u>(Reviewed)</u> <u>QR.</u>	<u>December 31,</u> <u>2007</u> <u>(Audited)</u> <u>QR.</u>
Opening net book value	10,042,375	--
Additions	119,887,392	10,653,732
Disposals	--	(46,771)
Depreciation	(1,119,535)	(564,586)
	-----	-----
Closing Net Book Value	<u>128,810,232</u>	<u>10,042,375</u>
	=====	=====

8. Investment Property:

During the current period, the entity sold the investment property comprising a plot of land in the Marina area for net proceeds of QR. 64,912,338. As a result of this, the gain on sale of investment property was QR. 32,774,501.

9. Borrowings:

	<u>Current</u>		<u>Non-Current</u>	
	<u>June 30, 2008</u>	<u>December 31, 2007</u>	<u>June 30, 2008</u>	<u>December 31, 2007</u>
	<u>(Reviewed) QR.</u>	<u>(Audited) QR.</u>	<u>(Reviewed) QR.</u>	<u>(Audited) QR.</u>
Due to bank	67,998	450,000	--	--
Notes payable (i)	2,712,078	7,079,304	6,070,920	14,425,822
Islamic Murabaha	52,502,503	--	--	--
Total	55,282,579	7,529,304	6,070,920	14,425,822

(i) The present value of notes payable has been calculated as below:

	<u>Minimum Payments June 30, 2008 QR.</u>	<u>Present Value of Minimum Payments June 30, 2008 QR.</u>
Not later than one year	3,268,867	2,712,078
Later than one year and not later than five years	6,929,303	6,070,920
Total	10,198,170	8,782,998
Less future finance charges	(1,415,172)	--
Present value of minimum payments	8,782,998	8,782,998

The notes payable represent Islamic financing to purchase Vehicles. Management used a discount rate of approximately 5.35% (similar to the bank profit rate) to calculate the present value of these future payments.

10. Share Capital:

	<u>June 30, 2008 (Reviewed) QR.</u>	<u>December 31, 2007 (Audited) QR.</u>
Share capital consists of: (Authorized, issued and fully paid up share capital of 80,000,000 shares of QR. 10 each)	800,000,000	800,000,000

11. Income From Bank Deposits:

	<u>For the Six Month Period Ended</u>	
	<u>June 30,</u>	
	<u>2008</u>	<u>2007</u>
	<u>(Reviewed)</u>	<u>(Reviewed)</u>
	QR.	QR.
Term deposit	13,039,445	16,187,888
Saving accounts	311,371	1,817,479
	-----	-----
Total	<u>13,350,816</u>	<u>18,005,367</u>

12. Earnings Per Share:

Earnings per share is calculated by dividing the net income for the period by the weighted average number of ordinary shares outstanding during the period as follows:

	<u>For the Six Month Period Ended</u>	
	<u>June 30,</u>	
	<u>2008</u>	<u>2007</u>
	<u>(Reviewed)</u>	<u>(Reviewed)</u>
	QR.	QR.
Net income for the period	43,497,270	13,172,699
	-----	-----
Weighted average number of shares	80,000,000	79,942,042
	-----	-----
Earnings per share (basic & diluted)	<u>QR. 0.54</u>	<u>QR. 0.16</u>

13. Cash and Cash Equivalents:

For the purpose of the cash flow statement, cash and cash equivalents include cash on hand and at bank and net of outstanding bank overdrafts. Cash and cash equivalents at the end of June 30, 2008 as shown in the cash flow statement can be reconciled to the related items in the balance sheet as follows:

	<u>For the Six Month Period Ended</u>	
	<u>June 30,</u>	
	<u>2008</u>	<u>2007</u>
	<u>(Reviewed)</u>	<u>(Reviewed)</u>
	<u>QR.</u>	<u>QR.</u>
Cash and bank balances	544,133,695	694,305,065
Less: Due to bank	(67,998)	--
	-----	-----
Net	<u>544,065,697</u>	<u>694,305,065</u>
	=====	=====

14. Compensation of Key Management Personnel:

	<u>For the Six Month Period Ended</u>	
	<u>June 30,</u>	
	<u>2008</u>	<u>2007</u>
	<u>(Reviewed)</u>	<u>(Reviewed)</u>
	<u>QR.</u>	<u>QR.</u>
Short-term benefits	1,695,000	570,000
	=====	=====

15. Contingent Liabilities:

	<u>June 30,</u>	<u>December 31,</u>
	<u>2008</u>	<u>2007</u>
	<u>(Reviewed)</u>	<u>(Audited)</u>
	<u>QR.</u>	<u>QR.</u>
Letters of guarantee	12,365,051	8,190,782
	=====	=====

16. Capital Commitment:

As of June 30, 2008, the capital commitment regarding building of the cement plant amounted to approximately QR. 1.3 billion.

17. Comparative Figures:

Certain prior period's figures have been reclassified where necessary to conform with current period's presentation.