

**ZAGROS Joint Venture Partners****Financials in Response to investment opportunity to build 500,000 housing units in Iraq**

Balance Sheet Dec.31st. 2007 (In Chinese currency RMB)

ITEM	year 2006	beginning of year 2007
Cash:	35,504,097.67	51,885,525.26
Short term investments		
Notes receivable		3,500,000.00
Dividend receivable		
Interest receivable		
Accounts receivable	355,675,968.93	344,465,573.40
Other receivables	815,934,322.46	512,851,699.90
Accounts prepaid	14,681,274.67	1,955,715.00
Future guarantee		
Allowance receivable		
Export drawback receivable		
Inventories	63,787,015.64	482,580,088.26
Including:Raw materials	1,150,330.26	8,702,813.17
Finished goods	6,263,685.38	473,877,275.09
Prepaid and deferred expenses		
Unsettled G/L on current assets		
Long-term debenture investment falling due in a year		
Other current assets	5,172,261.22	389,224.02
Total current assets	1,294,254,940.59	1,400,812,024.77
Long-term investment:		
Including long term equity investment		
Long term securities investment		
Incorporating price difference		
Total long-term investment	81,323,000.00	69,853,000.00
Fixed assets-cost	186,388,337.17	177,490,745.21
Less:Accumulated Depreciation	21,366,739.52	11,103,311.71
Fixed assets-net value	165,021,597.65	166,387,433.50
Less:Impairment of fixed assets		
Net value of fixed assets	165,021,597.65	166,387,433.50
Disposal of fixed assets		
Project material		
Construction in Progress		
Unsettled G/L on fixed assets		
Total tangible assets		
Intangible assets	20,661,815.73	5,031,215.73
Including and use rights		
Deferred assets		
Including:Fixed assets repair		
Improvement expenditure of fixed assets		
Other long term assets	14,750.00	14,750.00
Among it:Specially approved reserving materials		
Total intangible assets and other assets	20,676,565.73	5,075,965.73
Deferred assets debits		
Total Assets	1,561,276,103.97	1,642,128,424.00

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ITEM	year 2006	beginning of year 2007
Short-term loans		2,000,000.00
Notes payable		
Accounts payable	328,083,274.66	577,888,852.25
Advances from customers		
Accrued payroll	202,175.80	477,998.00
Welfare payable	224,525.89	1,286,699.58
Profits payable		
Taxes payable	52,408,010.61	21,277,456.74
Other payable to government	1,091,481.87	584,047.48
Other creditors	724,319,989.85	539,762,698.57
Provision for expenses		
Accrued liabilities		
Long term liabilities due within one year		
Other current liabilities	5,428,940.57	111,129,144.39
Total current liabilities	1,111,758,399.25	1,254,406,897.00
Long-term loans payable	35,000,000.00	
Bonds payable		
long-term accounts payable		
Special accounts payable		
Other long-term liabilities		
Including:Special reserve fund		
Total long term liabilities		
Deferred taxation credit		
Total liabilities	1,146,758,399.25	1,254,406,897.01
Minority interests		
Subscribed Capital	300,000,000.00	300,000,000.00
National capital	50,000,000.00	50,000,000.00
Collective capital		
Legal person's capital	68,500,000.00	68,500,000.00
Including:State-owned legal person's capital		
Collective legal person's capital		
Personal capital	181,500,000.00	181,500,000.00
Foreign businessmen's capital		
Capital surplus	582,286.00	582,286.00
surplus reserve	14,648,572.61	13,070,886.15
Including:statutory surplus reserve		
public welfare fund		
Supplementary current capital		
Unaffirmed investment loss		
Retained earnings	99,286,846.11	74,068,354.84
Converted difference in Foreign Currency Statements		
Total shareholder's equity	414,517,704.72	387,721,526.99
Total Liabilities & Equity	1,561,276,103.97	1,642,128,424.00