

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

Balance Sheet Dec.31st. 2008 (In Chinese currency RMB)

ITEM	year 2007	beginning of year 2008
Cash:	59,605,426.47	35,504,079.67
Short term investments		
Notes receivable		3,500,000.00
Dividend receivable		
Interest receivable		
Accounts receivable	347,673,981.14	355,675,968.93
Other receivables	587,895,285.92	556,523,475.47
Accounts prepaid	1,693,282.76	14,681,274.67
Future guarantee		
Allowance receivable		
Export drawback receivable		
Inventories	8,816,053.77	63,787,015.64
Including:Raw materials	7,274,038.77	1,150,330.26
Finished goods		6,263,685.38
Prepaid and deferred expenses		
Unsettled G/L on current assets		
Long-term debenture investment falling due in a yaear		
Other current assets		5,172,261.22
Total current assets	1,005,684,030.06	1,034,844,093.60
Long-term investment		
Including long term equity investment	113,585,560.00	81,323,000.00
Long term securities investment		
Incorporating price difference		
Total long-term investment		
Fixed assets-cost	243,841,464.87	186,388,337.17
Less:Accumulated Dpreciation	24,685,968.83	21,366,739.52
Fixed assets-net value	219,155,496.04	165,021,597.65
Less:Impairment of fixed assets		
Net value of fixed assets	219,155,496.04	165,021,597.65
Disposal of fixed assets		
Project material		
Construction in Progress	3,634,960.00	
Unsettled G/L on fixed assets		
Total tangible assets		
Intangible assets	33,866,199.07	20,661,815.73
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	370,256,965.11	267,021,163.38
Deferred assets debits		
Total Assets	1,375,940,995.17	1,301,865,256.98

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Short-term loans		
Notes payable		
Accounts payable	62,958,600.96	328,083,274.66
Advances from customers	30,878,635.99	
Accrued payroll	59,080.49	261,105.32
Welfare payable	-367,020.40	165,596.37
Profits payable		
Taxes payable	40,763,528.55	52,408,010.61
Other payable to government		
Other creditors	767,441,705.77	464,909,142.86
Provision for expenses		
Accrued liabilities		
Long term liabilities due within one year		
Other current liabilities		5,428,940.57
Total current liabilities	907,170,293.99	852,347,552.26
Long-term loans payable	35,000,000.00	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	942,170,293.99	887,347,552.26
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	16,445,158.94	14,648,572.61
Including:statutory surplus reserve		
public welfare fund		
Supplementary current capital		
Unaffirmed investment loss		
Retained earnings	116,743,256.24	99,286,846.11
Converted difference in Foreign Currency Statements		
Total shareholder's equity	433,770,701.18	414,517,704.72
Total Liabilities & Equity	1,375,940,995.17	1,301,865,256.98