

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

Year 2008 (in RMB)

ITEMS	2008	2007
<b>CASH FLOWS FROM OPERATING ACTIVITIES 1</b>		
Cash received from sale of goods or rendering of services	2,317,708,353.62	1,807,963,042.41
Refund of tax and levies	7,111,000.00	5,311,000.00
Other cash received relating to operating activities	72,812,823.86	1,345,544.27
Sub-total of cash inflows	2,397,632,177.48	1,814,619,586.68
Cash paid for goods and services	1,621,926,465.62	1,262,913,810.95
Cash paid to and on behalf of employees	520,683,159.83	485,862,790.34
Payments of all types of taxes	99,974,289.20	69,241,340.37
Other cash paid relating to operating activities	31,177,018.80	20,278,308.46
Sub-total of cash outflows	2,273,760,933.45	1,838,296,250.12
Net cash flows from operating activities	123,871,244.03	-23,676,663.44
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Cash received from disposal of investments		
Cash received from returns on investments		
Net Cash Received From Disposal Of Fixed Assets, Intangible Assets & Other Long-term Assets	1,365,835.85	
Other cash received relating to investing activities		
Sub-total of cash inflows		1,365,835.85
Cash paid to acquire fixed assets, intangible assets & other long-term assets	67,682,121.68	15,600,600.00
Cash paid to acquire investments		11,470,000.00
Other cash payments relating to investing activities 20		
Sub-total of cash outflows	99,944,681.68	27,070,600.00
Net cash flows from investing activities	-99,944,681.68	-25,704,764.15
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash received from capital contribution		
Cash received from borrowings	35,000,000.00	
Other cash received relating to financing activities		
Sub-total of cash inflows	35,000,000.00	
Cash repayments of amounts borrowed	2,000,000.00	
Cash payments for interest expenses and distribution of dividends or profit		
Other cash payments relating to financing activities		
Sub-total of cash outflows	2,000,000.00	
Net cash flows from financing activities	33,000,000.00	
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	23,926,562.35	-16,381,427.59
Cash & cash equivalents at beginning of year	35,678,864.12	51,885,525.26
Cash & cash equivalents at end of year	59,605,426.47	35,504,097.67