

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

## INCOME STATEMENT

Dec. 2007 (in RMB)

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ITEMS	2007	2006
Sales of products	2,662,764,660.41	2,151,093,781.19
Including: Export sales		
Less: Sales discount and allowances		
Net sales of products	2,662,764,660.41	2,151,093,781.19
Less: Sales tax	87,681,211.24	70,973,125.52
Cost of sales		2,039,652,008.39
Including: Cost of export sales		
Gross profit on sales		
Less: Selling expenses		
General and administrative expenses	20,247,308.46	13,661,659.38
Financial expenses	144,647.80	-60,741.98
Including: Interest expenses (minus interest income)		
Exchange losses (minus exchange gains)		
Profit on sales	53,905,354.91	40,468,847.28
Add: profit from other operations	0.00	754,031.89
Operating profit	33,513,398.65	28,221,761.77
Add: Income on investment		
Add: Non-operating income	1,169,896.47	615,774.24
Less: Non-operating expenses	0.00	263,232.74
Add: adjustment of loss and gain for previous years		
Total profit	39,963,295.12	31,647,008.38
Less: Income tax	13,187,887.39	10,442,512.77
Net profit	26,775,407.73	21,203,496.61