

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

INCOME STATEMENT	Dec. 2008 (in RMB)	
ITEMS	2007	2008
Sales of products	3,031,654,278.06	2,662,764,060.41
Including: Export sales		
Less, Sales discount and allowances		
Net sales of products		
Less, Sales tax		
Total cost	3,014,242,222.96	2,629,281,661.76
Including: Cost of operation:	2,889,482,867.04	2,521,177,494.26
Cost of main business:	2,888,602,879.03	
Cost of other business:	879,988.01	
Gross profit on sales		
Less: Selling expenses		
General and administrative expenses	24,935,551.60	20,247,308.46
Including public relation cost:	468,601.90	
Financial expenses	-152,685.88	144,647.80
Including: Interest expenses (minus interest income)		
Interest income:	7,478.74	
Exchange losses(minus exchange gains)		
Profit on sales		
Add: profit from other operations		
Operating profit	17,412,055.10	33,482,398.65
Add: Income on investment		
Add: Non-operating income	9,069,606.41	6,480,896.47
Less: Non-operating expenses	2,527,177.10	
Add: adjustment of loss and gain for previous years		
Total profit	23,954,484.41	39,963,295.12
Less: Income tax	5,988,621.10	13,187,887.39
Net profit	17,965,863.31	26,775,407.73