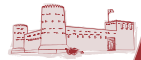


TATWEER INFRASTRUCTURE COMPANY



شركة تطوير البنية التحتية





Emir of the State of Qatar  
His Highness  
**Sheikh Hamad Bin Khalifa Al-Thani**



Heir Apparent  
His Highness  
**Sheikh Tamim Bin Hamad Al-Thani**



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## Names of the Board Members

<b>Mr. Abdullah Bin Nasser Al Misnad</b>	Chairman
<b>Mr. Loay Jassim Al Kharafi</b>	Vice Chairman
<b>Mr. Jassim Abdullah Al Misnad</b>	Director
<b>Mr. Mohamed Abdul Rahman Al Melhem</b>	Director
<b>Mr. Faisal Mishari Al Anjari</b>	Director
<b>Mr. Yousef Shamlan Al Essa</b>	Director
<b>Mr. Fozan Mohamed Al Fares</b>	Director
<b>Mr. Abdullah Mohamed Al Sager</b>	Director
<b>Mr. Hamad Ahmed Al Haroun</b>	Managing Director

# Board of Directors Statement

## **Dear Shareholders,**

Tatweer infrastructure is a Qatari shareholding company founded with a vision from both Qatari and Kuwaiti shareholders, to support investments in the region and raise the bar for international partnerships and developments. Also complimented by an objective not less than a total transformation and provision of operational services in the MENA region through BOT/PPP services and investment opportunities for an economic vision of strategic developments.

The idea of founding Tatweer Infrastructure Company started as a dream that could only be brought to fruition through initiative, determination, hard work and professionalism. From the beginning, we focused on achieving success by undertaking projects that would leave a lasting impact in Qatar and on the region long after Tatweer Infrastructure's contributions. This path was our guide...this path lead to distinction and excellence.

As the only dedicated BOT/PPP infrastructure development company based in the region, Tatweer possesses a unique edge in the Gulf and the Middle East as it concentrates on core infrastructure of building roads, ports, power plants, public utilities, hotel construction and commercial buildings.

Backed by the direction and business knowledge of professionals in the fields, Tatweer is a company encouraged by a government that feels that only through cooperation with the private sector can prosperity and economic growth be achieved for the benefit of all.

Moreover, Successful implementation results require international and regional expertise and consultation. Using this strategy Tatweer recently included financial and venture capital firms to give it stronger financial and management capabilities.

Hence, we will proceed on a self-monitoring process, outlining our achievements in 2006, our challenges in 2007 and key objectives in surmounting these obstacles to our goal.

2006 was an exciting and successful year for Tatweer, thanks to the support and professionalism of several corporations and individuals, but a special thanks and appreciation goes to the Ministry of Economy and Commerce of Qatar. and Finally, on behalf of the shareholders, board, and management of Tatweer; I would like to have the honor to extend our sincere gratitude and thanks to His Highness The Emir Sheikh Hamad Bin Khaleefa Al Thani, The Emir of Qatar, and His Highness Sheikh Sabah Al Ahmed Al Jaber Al Sabah The Emir of Kuwait, and His Highness Sheikh Tamim Bin Hamad Al- Thani, The Heir Apparent of Qatar, and His Highness Sheikh Nawaf Al Ahmed Al Jaber Al Sabah, The Heir Apparent of Kuwait, for their support and wise leadership and policies that resulted in this economical development that puts Qatar & Kuwait successfully where they are today.

For The Board of Directors

**Hamad Ahmed Al Haroun**

Managing Director & CEO

## Names of the Executive and Audit Committee

### Executive Committee:

Faisal M. Al-Anjari

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Jassim A. Al-Misnad

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Yousef S. Al-Essa

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Hamad A. Al-Haroun

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### Audit Committee:

Mohamad A. Al Melhim

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Louay J. Al Khorafi

---

Abdullah M. Al-Sagher

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## Names and Titles of Executives and Seniors of Tatweer

<b>Hamad Ahmed Al Haroun</b>	Managing Director	CEO
<b>Essa Abdulla Al Kubassi</b>	Executive Vice President	Business Development
<b>James Babb</b>	Chief Financial Officer	
<b>Rozan Al Amri</b>	Vice President	Marketing & PR
<b>Nicole Dieso</b>	Vice President	Business Development
<b>Christopher Kane</b>	Vice President	Business Development
<b>Ezzat Mohammed Abdul Rahman</b>	Vice President	Legal Department
<b>Ali Abdul Khader Al Salahi</b>	Assistant Vice President	Government Relations

## Qatar 2006

Qatar has almost 'infinite' resources which are exploited in collaboration with world-class partners. The country is at the forefront of multilateral investments made in various infrastructural projects such as Liquefied Natural Gas (LNG), Public Housing, Transportation Infrastructure, and other core development related projects, for which there is virtually limitless demand on such major necessities. There is an excellent Foreign Direct Investment (FDI) climate and a phenomenal appetite for capital in the hydrocarbon, electricity, real-estate and other sectors. Apart from its real industry resources and focus, Qatar is also a country with a vision. This is illustrated by the government's commitment to infrastructure, a sector where about US\$100 billion will be invested over the next six years. Qatar is proceeding with the creation of Energy City, Education City, Medical City, and Sport City.

### The Fastest Growing Economy

The Qatari Economy grew by an estimated 24% last year driven by strong oil and gas prices. GDP is by far the highest in the Middle East and one of the highest in the world if not the highest. This continued growth of the domestic economy is also allowing the government to proceed with a string of capital-intensive projects that will further invigorate the local economy. The construction sector is booming because of infrastructure spending including major roads, drainage and schools and should remain buoyant in accordance to Qatar's hosting of the Asian Games in 2006.

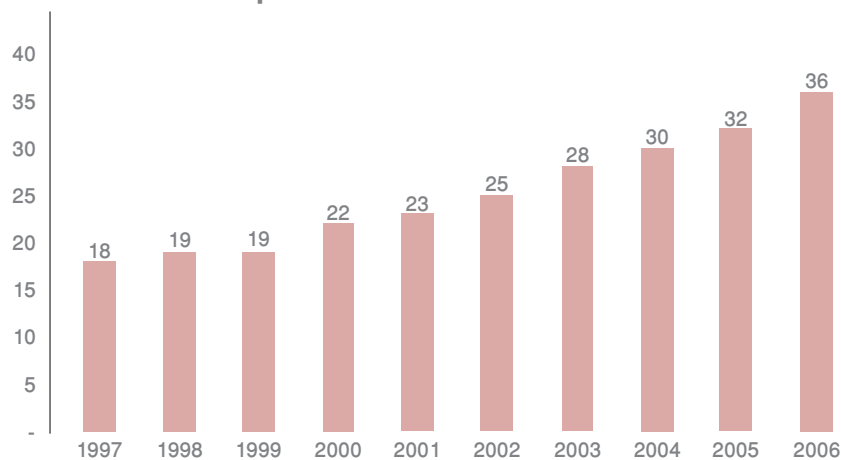
### Private Sector Role

Unlike other Gulf Countries, the government has already implemented a relatively ambitious privatization program (notably in the telecom, real estate, and electricity sectors). The aim here is not so much to pursue higher levels of economic efficiency (most companies operate with foreign partners and are already quite efficient), but rather the creation of new opportunities in the private sectors. A meaningful diversification and support strategy for small and medium sized enterprises is also being implemented to maintain and generate sustained employment in the food, hospitality and transport sectors. Qatar has even now implemented a new law allowing foreign ownership in some sectors including real- estate and stock market shares.

### Market Analysis:

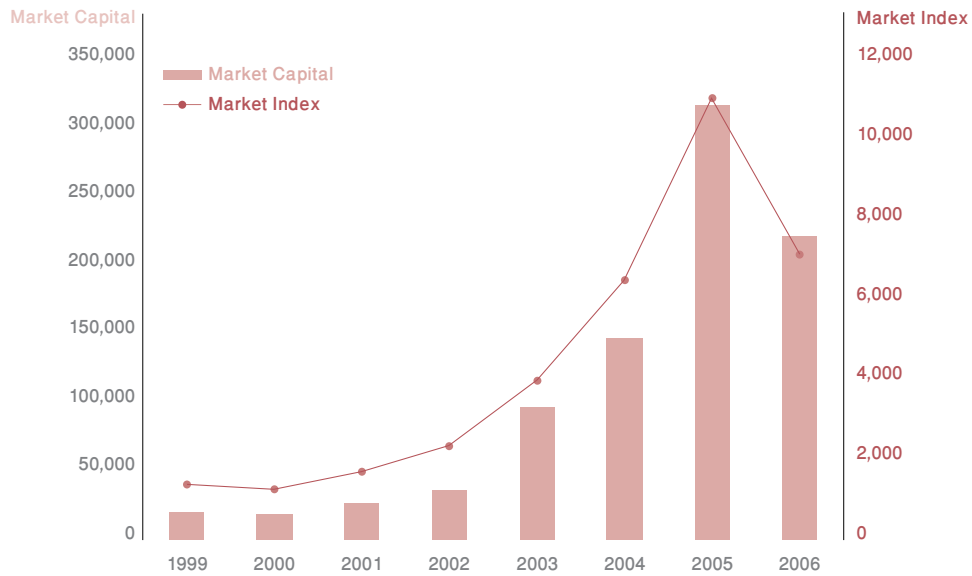
There is no doubt that all the major economical factors are indicating that the Middle East economies are thriving. In 2006 we saw one of the weakest economic performance in long time.

Companies listed in DSM 1997- 2006



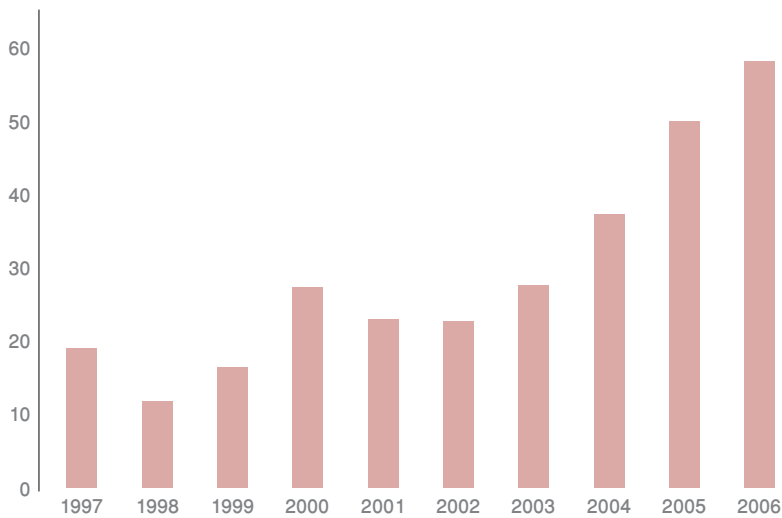
Financial losses that may arise from adverse changes in the value of financial instruments or portfolios due to the volatility of interest rates, foreign exchange, commodities, and equity market prices, have caused concerns in the total economy. Given the companies Conservative strategy in terms of investment and trading, aggregate market risks level are considered low.

### Market Capital - Market Index 1999- 2006 (QR Million)



Current oil prices are underpinning the boom. Supply concerns and strong global demand have pushed oil prices past twenty year highs. The Gulf is now close to producing oil at full capacity.

### Average Oil Barel Price 1997 - 2006 (US\$)



## Objective

The objective of Tatweer is to concentrate on creating a company that will be focusing on BOT projects in different areas.

In accordance with the Qatari Government forecasting Tatweer has been attracting various investors, in order to invest in public infrastructure such as roads, bridges, ports, power plants, public utilities etc. Such projects are conventionally considered to be a necessary prerequisite for industrialization and economic growth, and has traditionally been the responsibility of the governments in most of the GCC economies. Today the Qatari Government is committed to the private companies to subsidize such infrastructural project by insuring foreign investors which are often unable to secure financing for large infrastructure projects in developing countries unless there is a significant level of 'governmental concession' to ensure political commitment to the project.

While the private sector is often sub-contracted to carry out construction work on infrastructure projects, the government has borne virtually all project costs and risks which heavily increased the market capital by 264% more than the previous year. As a premature market, subsidy has been a major element for the witnessed successes. Although Qatar is sensitive when it comes to short

term investors the young state insisted to ride the economic growth that GCC countries have rode in the past years.

Our strategy is based on a strategic vulnerability transformation, in this case, enhancing the Qatari infrastructural capabilities and gaining the governmental investment support and enjoying the excellent return on our investments. Also it is as vital to tie up with the semi-government and private sector organizations in order to grasp a wider range of projects and in order to diversify the project flow.

## Mission

- Our aim to provide better access to modern infrastructure in Qatar.
- We plan to provide the necessary finance and management for core infrastructure projects, by introducing and implementing modern financial and engineering methods based on the BOT concept.
- We aim to take a leading role in contributing to the affairs of the community in which we operate and to include indigenous participation in projects initiated by the Group.
- We aim to continuously inline our strategy with the government in order to focus on the main goals of regional administration, while shifting infrastructure projects' finance to the private sector

# Financials with Auditors Report and Notes

## INDEPENDENT AUDITORS' REPORT 2006

### TO THE SHAREHOLDERS

### TATWEER INFRASTRUCTURE COMPANY - Q.S.P.C

### DOHA – QATAR

#### Report on the Financial Statements

We have audited the accompanying financial statements of **TATWEER INFRASTRUCTURE COMPANY - Q.S.P.C (The "Company")**, Doha - Qatar, which comprise of the balance sheet as of December 31, 2006, and the related statements of income, changes in shareholders' equity and cash flows for the Nine month period then ended, and a summary of significant accounting policies and other explanatory notes.

#### Management responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with **International Financial Reporting Standards**. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

#### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **The Company**, as of December 31, 2006, and of its financial performance and its cash flows for the Nine month period then ended, in accordance with **International Financial Reporting Standards**.

### Report on Legal and Other Requirements

Furthermore, in our opinion, proper books of account have been kept by the Company and the financial statements comply with the Qatar Commercial companies' law No 5 of 2002 and the Company's Articles of Association. We have obtained all the information and explanations which we requested for the purpose of our audit, and are not aware of any violations of the above mentioned law or the Company's Articles of Association having occurred during the period which might have had a material effect on the business of the Company or its financial position.

**For Rödl & Partners  
Middle East**



**Saoud Abdulla  
(License No. 204)**



**Doha – Qatar  
May 10, 2007**

**CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2006**

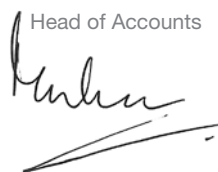
		December 31, 2006
	Note	QR.
<b>ASSETS</b>		
<b>Non-Current Assets :</b>		
Property and equipment, Net	3	990,842
Investment property	4	328,511,300
<b>Total Non-Current Assets</b>		<b>329,502,142</b>
<b>Current Assets :</b>		
Investments held-for- trading	5	47,196,643
Financial payments on projects		11,119,780
Trade Receivable and other debit balances	6	6,995,527
Cash and Bank balances	7	475,355,376
<b>Total Current Assets</b>		<b>540,667,326</b>
<b>Total Assets</b>		<b>870,169,468</b>
<b>Shareholders' Equity and Liabilities</b>		
<b>Shareholders' Equity :</b>		
Share Capital	8	558,232,950
Legal Reserve	9	5,961,686
Retained Earnings		53,655,171
<b>Total Shareholders' Equity</b>		<b>617,849,807</b>
<b>Non-Current Liabilities :</b>		
Employees' end of service benefits	10	329,783
Payables on acquisition of investment property		103,356,670
<b>Total Non-Current Liabilities</b>		<b>103,686,453</b>
<b>Current Liabilities :</b>		
Trade Payables and other credit balances	11	552,153
Payables on acquisition of investment property		142,598,029
Due to Bank	7	5,483,026
<b>Total Current Liabilities</b>		<b>148,633,208</b>
<b>Total Shareholders' Equity and Liabilities</b>		<b>870,169,468</b>

These financial statements are approved for issue by the following

Managing Director



Head of Accounts



**CONSOLIDATED STATEMENT OF INCOME FOR THE NINE MONTHS PERIOD ENDED  
DECEMBER 31, 2006**

	Note	Nine month period ended December 31, 2006 QR.
<b>Revenue :</b>		
Interest on bank deposits		18,064,278
Other income		94,847
Net profit of fair value from investment property	4	60,526,524
		78,685,649
Adjustment of decrease in fair value of investments held-for-trading	5	(7,206,484)
<b>Net Revenue</b>		<b>71,479,165</b>
<b>Expenses :</b>		
Depreciation of property and equipment	3	(153,545)
General and administrative expenses	12	(8,699,724)
Business promotion expenses	13	(3,009,039)
<b>Total Expenses</b>		<b>(11,862,308)</b>
<b>Net Profit for the period</b>		<b>59,616,857</b>

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These financial statements are approved for issue by the following

Managing Director




**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE NINE MONTHS  
PERIOD ENDED DECEMBER 31, 2006**

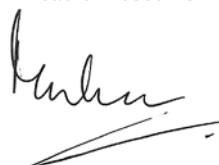
	Retained Earnings	Legal Reserve	Capital	Total
	QR.	QR.	QR.	QR.
Capital Contributed	0	0	558,232,950	558,232,950
Net Profit for the period	59,616,857		0	59,616,857
Transferred to legal reserve	(5,961,686)	5,961,686	0	0
<b>Balance - December 31, 2006</b>	<b>53,655,171</b>	<b>5,961,686</b>	<b>558,232,950</b>	<b>617,849,807</b>

These financial statements are approved for issue by the following

Managing Director



Head of Accounts



**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE NINE MONTHS PERIOD  
ENDED DECEMBER 31, 2006**

	Note	Nine month period ended December 31, 2006 QR.
<b>Cash Flows from Operating Activities :</b>		
Net profit for the period		59,616,857
<b>Adjustments for :</b>		
Depreciation of property and equipment	3	153,545
Provision for employees' end of service benefits	10	329,783
Net profit of fair value from investment property	4	(60,526,524)
Adjustment of decrease in fair value of investments held-for-trading	5	7,206,484
Interest on bank deposits		(18,064,278)
<b>Net Cash used in operating activities before changes in working capital</b>		<b>(11,284,133)</b>
Trade Receivables and other debit balances	6	(6,995,527)
Trade Payables and other credit balances	11	552,153
<b>Net Cash used in Operating Activities</b>		<b>(17,727,507)</b>
<b>Cash Flows from Investing Activities :</b>		
Purchase of property and equipment	3	(1,144,387)
Investment property	4	(267,984,776)
Financial support on projects		(11,119,780)
Interest received		18,064,278
Investments in trading	5	(54,403,127)
<b>Net Cash used in Investing Activities</b>		<b>(316,587,792)</b>
<b>Cash Flows from Financing Activities :</b>		
Capital issued		558,232,950
Payables on acquisition of investment property		245,954,699
<b>Net Cash from Financing Activities</b>		<b>804,187,649</b>
Net Increase in Cash and Cash Equivalents		469,872,350
<b>Cash and Cash Equivalents at the end of the period</b>	<b>7</b>	<b>469,872,350</b>

These financial statements are approved for issue by the following

Managing Director



Head of Accounts



# TATWEER INFRASTRUCTURE COMPANY - Q.S.P.C DOHA – QATAR

## NOTES TO THE FINANCIAL STATEMENTS FOR THE NINE MONTH PERIOD ENDED DECEMBER 31, 2006

### 1) FORMATION AND ACTIVITIES

Tatweer Infrastructure Company was incorporated on March 20, 2006 and was registered in the Qatari Commercial Register under registration number 32462 as a Qatari Shareholding Private Company.

The Company is mainly engaged in development of infrastructure projects on Build, Operate and Transfer (BOT) basis, General construction, Building maintenance, Decoration works, in addition to various kinds of trading, tendering, investment in shares, representing international companies and management of airports, ports, lands and tourism areas.

The Company started its operations during first week of April, 2006.

During the formation of the Company, Ettizan Company has provided an amount of approximately QR 9.2 Million to the Company, this amount was settled subsequently.

The company had 21 employees according to the accounting records as of December 31, 2006.

### 2) SIGNIFICANT ACCOUNTING POLICIES

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#### 2/1) Adoption of new revised standards

In the current period, the Company has adopted all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board (the IASB) and the International Financial Reporting Interpretations Committee (the IFRIC) of the IASB that are relevant to its operations and effective for annual reporting periods beginning on 1 January 2006.

The impact of the adoption of IFRS 7 “Financial Instruments: Disclosures” is to expand the disclosures provided in the financial statements regarding the Company’s financial instruments.

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the Company.

#### 2/2) Basis of preparation

The financial statements have been prepared in accordance with Standards issued and adopted by the International Accounting Standards Board (IASB), and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). And applicable requirements of Qatar Commercial Companies Law No. 5 of 2002.

The accounting policies used have been consistently applied during the period.

The functional as well as the presentation currency of the financial statements are expressed in Qatari Riyals.

#### 2/3) Accounting convention

The financial statements are prepared under the historical cost convention.

## 2/4) Property and Equipment

Property and equipment are stated at the historical cost less accumulated depreciation and any impairment in value.

Depreciation is charged to write off the cost of the assets over their estimated useful lives using the straight line method as follows:

<b>Motor Vehicles</b>	<b>25 %</b>
<b>Furniture and Equipment</b>	<b>20 %</b>
<b>Computer and Software</b>	<b>20 – 33.3 %</b>
<b>Leasehold Improvements</b>	<b>50 %</b>

## 2/5) Impairment of assets

At each balance sheet date, the Company reviews the carrying amounts of its financial assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any), and an allowance is recognized in the statement of income.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses, recognized for the asset no longer exist or has decreased. The reversal is recorded in income.

## 2/6) Investment Property

Investment property, which is property held to earn rentals and/or for capital appreciation is stated at its fair value at the balance sheet date. Gains or losses arising from changes in the fair value of investment property are included in the statement of income for the period in which they arise.

## 2/7) Investments held-for-trading

### Investments at fair value through profit or loss :

Investments classified as trading securities in these financial statements are included in the category of trading securities; movements are classified as trading securities if they are acquired for the purpose of selling in the near term. These investments are subsequently re-measured at fair value. All related unrealized gains or losses are included in the income statement.

Interest earned and dividends received are included in interest and dividend income respectively.

For investments traded in organized financial markets, fair value is determined by reference to Stock Exchange quoted market bid prices at the close of business on the balance sheet date, adjusted for transaction costs necessary to realize the asset.

## 2/8) Accounts Receivables and other receivables

Accounts receivable and other debit balances are stated at their nominal value, less an allowance for any doubtful debts. Management determines the adequacy of the allowance based upon reviews of individual customers, current economic conditions, past experience and other pertinent factors.

## **2/9) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and at banks and short term bank deposits with a maturity date not exceeding three months from the date of deposit. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of the cash and cash equivalents for the purpose of the financial statements of the cash flows.

## **2/10) Provisions**

Provision is recognized when the Branch has an obligation either legal or constructive arising from a past event and costs to settle the obligation are both probable and can be reliably measured.

## **2/11) Employees' end of service benefits**

Employees' end of service benefits represent terminal gratuity and are provided for services ended based on entitlements stipulated in the employees' contract of employment and their length of service subject to the completion of a minimum service period.

## **2/12) Accounts payable and other credit balances**

Liabilities are recognized for amounts to be paid in the future for good and services received, whether billed by the supplier or not.

## **2/13) Revenue recognition**

Revenue is recognized for sales when the significant risks and rewards are transferred to the buyer, and significant uncertainties remain regarding the derivation of consideration, associated or the possible return of goods.

Interest income is recognized on an accrued basis, taking into account the interest rate applicable and principal outstanding.

Dividend income is recognized on cash basis

Other categories of income are recognized when earned, at the time the related services are rendered and/or on the basis of the terms of the contractual agreement of each activity.

## **2/14) Foreign currencies**

The functional currency of the Company is the Qatari Riyals and accordingly, the financial statements are presented in Qatari Riyals. Transactions denominated in foreign currencies are translated into Qatari Riyals at the average rates of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated into Qatari Riyals at rates of exchange prevailing at the balance sheet date. The resultant exchange differences are taken to the statement of income.

## **2/15) Comparative figures**

There are no comparative figures for this period, since it is the first period of the Company's activities.

## NOTE - 03 PROPERTY AND EQUIPMENT, NET

	Motor Vehicles	Furniture and Equipment	Computer and Software	Total
<b>Cost :</b>	QR.	QR.	QR.	QR.
Purchases during the period	387,000	280,388	476,999	1,144,387
<b>Balance - December 31, 2006</b>	<b>387,000</b>	<b>280,388</b>	<b>476,999</b>	<b>1,144,387</b>
<b>Accumulated depreciation :</b>				
Charge for the period	48,902	38,198	66,445	153,545
<b>Balance - December 31, 2006</b>	<b>48,902</b>	<b>38,198</b>	<b>66,445</b>	<b>153,545</b>
<b>Net Book Value :</b>				
<b>December 31, 2006</b>	<b>338,098</b>	<b>242,190</b>	<b>410,554</b>	<b>990,842</b>

## NOTE - 04 INVESTMENT PROPERTY

	December 31, 2006
<b>At cost :</b>	QR.
Land at Energy City	28,971,126
Land at Lusail	24,904,650
Land at Marina Mix	214,109,000
	<b>267,984,776</b>
Net profit from adjustments in fair value	60,526,524
<b>Balance at December 31, 2006</b>	<b>328,511,300</b>

The fair value of the Company's investment property as of December 31, 2006 were ascertained by a valuation carried out by an independent external valuers based in Doha - Qatar for the value as of December 31, 2006, not connected with the Company. The valuation which was carried out conforms to International Valuation Standards, was arrived at by reference to market evidence of transaction prices for similar properties.

## NOTE - 05 INVESTMENTS HELD-FOR-TRADING

	December 31, 2006
<b>At cost :</b>	QR.
Investments in quoted shares	54,403,127
	<b>54,403,127</b>
Decrease in fair value of investments	(7,206,484)
<b>Balance as of December 31, 2006</b>	<b>47,196,643</b>

The investments held for trading included above represents trading securities acquired for the purpose of selling in the near term, and comprise of the quoted and non quoted securities that present the Company with opportunity for return through dividend income and trading gains. They have no fixed maturity or coupon rate.

## NOTE - 06 TRADE RECEIVABLES AND OTHER DEBIT BALANCES

	December 31, 2006
	QR.
Trade receivables	26,375
Interest receivable	5,552,402
Due from employees	144,485
Prepayments	184,077
Refundable deposit and Prepayments	12,000
Other receivables	1,076,188
<b>Total</b>	<b>6,995,527</b>

## NOTE - 07 CASH AND CASH EQUIVALENTS

	<u>December 31,</u> <u>2006</u>
	QR.
Cash on Hand	1,904
Cash at Bank - current accounts	245,340
Cash at Bank - call accounts	9,724,498
Cash at Bank - fixed deposits	465,383,634
	<u>475,355,376</u>
Due to Bank	(5,483,026)
<b>Net</b>	<u><u>469,872,350</u></u>

## NOTE - 08 SHARE CAPITAL

	<u>December 31,</u> <u>2006</u>
	QR.
<b>Balance as of December 31, 2006</b>	<u><u>558,232,950</u></u>

The Company's issued and paid up capital is QR. 558,232,950 divided into 55,823,295 shares at a nominal value of QR. 10 each.

## NOTE - 09 LEGAL RESERVE

	<u>December 31,</u> <u>2006</u>
	QR.
Statutory Reserve	
Transferred from Profit for the period	5,961,686
<b>Balance as of December 31, 2006</b>	<u><u>5,961,686</u></u>

As required by Qatari Company law and the Company's articles of association, 10% of the net profit for the year has been transferred to statutory reserve. The Company may resolve to discontinue such annual transfers when the reserve totals 50% of the issued share capital.

Distribution of the statutory reserve is limited to the amount required to enable the payment of a dividend paid up share capital to be made in years when retained earnings are not sufficient for the payment of a dividend of that amount.

## NOTE - 10 EMPLOYEES' END OF SERVICE BENEFITS

	<u>December 31,</u> <u>2006</u>
	QR.
Provision for the period	329,783
<b>Balance as of December 31, 2006</b>	<u><u>329,783</u></u>

## NOTE - 11 TRADE PAYABLES AND OTHER CREDIT BALANCES

	<u>December 31,</u> <u>2006</u>
	QR.
Provision for leave pay and air tickets	205,375
Accrued expenses	207,391
Others	139,387
<b>Total</b>	<u><u>552,153</u></u>

## NOTE - 12 GENERAL AND ADMINISTRATIVE EXPENSES

	Nine month period ended December 31 <u>2006</u>
	QR.
Staff Salaries, accommodation and other benefits	4,676,135
Staff residence permit, recruitments and trainings	229,051
Leave pay, air tickets and employees' end of service benefits	646,339
Professional fees(Annexure 01)	1,827,926
Office rent	616,000
Board meeting expenses	72,143
Communication	164,204
Government fees	6,925
Printings and stationery	66,871
Membership and subscription	60,020
Office suppliers and office maintenance	113,479
Vehicle running maintenance expenses	69,139
Miscellaneous(insurance, cleaning, entertainment, water and electricity and others)	151,492
<b>Total</b>	<b><u>8,699,724</u></b>

Annexure 01 - Professional fees include ISO audit fees, legal fees, consultancy fees and other fees paid on feasibility studies.

## NOTE - 13 BUSINESS PROMOTION EXPENSES

	Nine month period ended December 31 <u>2006</u>
	QR.
Advertising and publicity	1,396,272
Marketing and entertainment expenses	946,357
Business traveling	666,410
<b>Total</b>	<b><u>3,009,039</u></b>

## **Note - 14 Financial Instruments - Fair Value And Risk Management**

The Company's financial instruments comprise cash and bank balances, short-term deposits and due to banks. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company has various other financial assets and liabilities such as trade receivables and trade payables which arise directly from its operations, in addition to investments.

Those on the asset side are recognized at nominal value less any allowances for impairment. Financial instruments constituting liabilities are carried at nominal or redemption value, whichever is higher.

The main risks arising from the Company's financial instruments are market risk, credit risk, interest rate risk, liquidity risk and foreign exchange risk. Management reviews and agrees policies for managing each of these risks and they are summarized below.

### **Market risk**

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The Company manages this risk by investing surplus funds with professional portfolio managers and by diversifying its investments.

### **Credit risk**

The Company is exposed to credit risk if counter parties fail to perform as contracted. In respect of the recognized financial assets, the maximum exposure to credit risk is equal to the carrying amount of assets in the balance sheet. The Company's credit risk is considered to be low as it does not have significant exposure to any individual customer or counterparty. Cash is placed with banks with high credit ratings.

Policies and procedures are in place to perform ongoing credit evaluations of the financial condition of counterparties and customers.

### **Interest rate risk**

Interest rate risk is the sensitivity of the Company's financial condition to future movements in interest rates.

The Company would be exposed to interest rate risk as a result of mismatches or 'gaps' in the amounts of interest sensitive assets and liabilities that mature or re price in a given period. Additional information regarding interest sensitive assets and liabilities is disclosed in the related notes to the financial statements.

### **Liquidity risk**

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk can be caused by market disruptions or credit downgrades which may cause certain sources of funding to dry up immediately. The Company manages liquidity risk by monitoring on a regular basis its maturing commitments and by diversifying funding sources.

### **Foreign exchange risk**

The Company is exposed to the following foreign exchange risks:

Transaction risk - the risk of the Company's commercial cash flows being adversely affected by a change in exchange rates for foreign currencies against QR.

## Company Performance

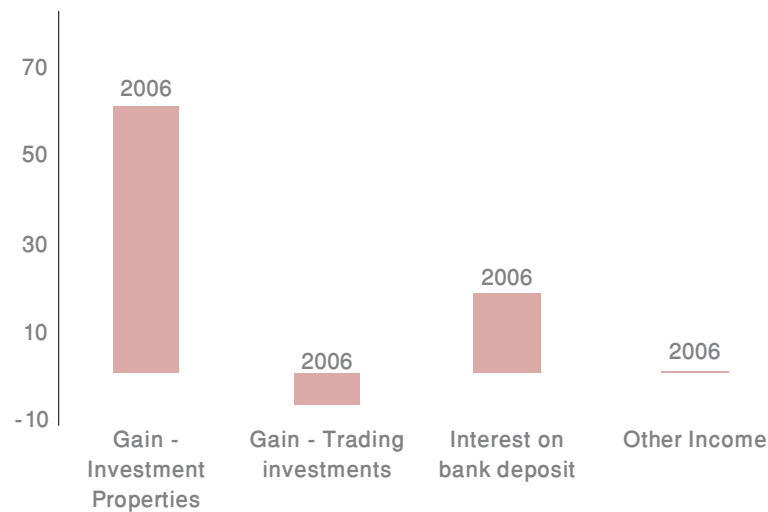
Launched in March 2006 with a capital of QR558 million Tatweer Infrastructure Company applied a conservative strategy in order to penetrate the local and international markets for all the four main sectors that Tatweer's focuses on.

With an objective of minimizing risks and assuring an ambitious first operating year to reflect and decide its reputation and future performance, Tatweer's 2006 investments was more conservative than originally planned. Because, of the real estate boom most of the financial indicators were bullish on real estate investment; therefore we have directed our focus into property for the following reasons:

- **In lines with company investment strategy.**
- **It is the fastest growing sector in the GCC and local market**
- **Attracts the most identifiable opportunities**
- **Low volatility of risk.**

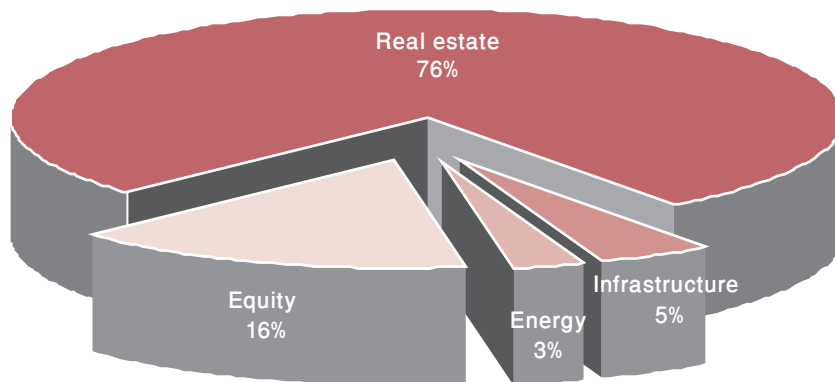
At the same time Doha Security Market capitalization corrected negatively by approximately 30%, but we have still remained a performance over the bench mark in regard to our liquid investment portfolios. Moreover, the Transportation and Infrastructure transaction are being hand picked and are being lined up to be finalized and executed, in order to claim the dividends in the next few years.

### Revenue Breakdown 2006 (QR Millions)



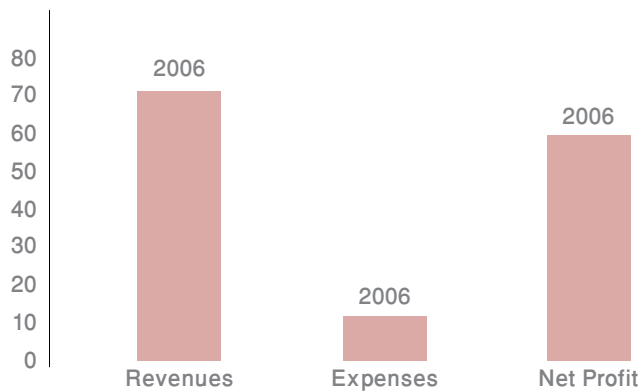
Such a conservative investment approach in 2006 was able to give TIC more time to analyze and target potential opportunities with the objective of assuring a continuous and ambitious growth in the long term by choosing the most attractive and profitable projects for the three remaining sectors

### TIC's Investments - 2006



In 2006 Tatweer achieved a revenue of QR 71 million with a total net profit of QR59 million. Total assets of QR870 million were registered and earning per share was evaluated at QR1,07

### Revenue - Expense - Net Profit 2006 (QR Million)



As part of its strategy such a moderate and conservative performance was expected its first months of operation, Tatweer's objective and target for 2007 is to at least double the net profit and have a more diversified portfolio than in 2006 especially in the infrastructure and transportation sector where it earned expertise and market knowledge in analyzing and identifying the best attractive opportunities.

A number of projects are understudy for 2007 that should enhance the company portfolio and performance.

## 2007 Strategy and Business Plan

The projected outlook for Tatweer is to continue to over perform expectations; takes into consideration a conservative financial calculation and calculated risks. Based on our market analysis we found that companies in our field are rare in the region, has no specialized BOT companies for the time being, although there has been some BOT project's that were granted to international companies in coordination with a local partner.

**Tatweer is aiming to participate in projects within the following sectors:**

- Energy power stations
- Water and sanitation
- Airports and Transportation Investments
- Residential, commercial and hospitality real estates
- Educational projects such as schools and universities
- Telecommunication
- Tourism facilities
- Entertainment and amusement attractions
- Sporting facilities and locations
- Cultural sites and attractions