

**AL HAMILI & CO.**  
**PUBLIC ACCOUNTANTS**

AL NAHJ TECH COMPANY  
BALANCE SHEET AS AT JULY 31, 2007

Tel : 02 - 6321546 - 6210478 - Fax : 02 - 6321546  
Mobile : 050-6227854 - P.O. Box : 72791 - Abu Dhabi - U.A.E

**AL NAHJ TECH COMPANY**  
**JEBEL ALI FREE ZONE**  
**DUBAI - UNITED ARAB EMIRATES**

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26 / 10 / 2006

M/s. Al Nahj Tech Company  
Jebel Ali Free Zone  
Dubai – U. A. E.

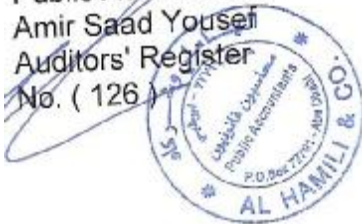
Dear Sirs,

We have audited the accompanying balance sheet of Al Nahj Tech Company Jebel Ali Free Zone – Dubai as at July 31, 2006 and the related statement of income and cash flows for the year then ended.

These financial statements are the responsibility of the company's directors. Our responsibility is to express an opinion on these financial statements based on our audit. We did not receive banks confirmation and banks accounts shown as the company's records and we didn't observe the taking of physical inventories and this data decided by the company's management.

In our opinion, except the effect of such adjustments if it might happen the financial statements referred to above present the financial position of Al Nahj Tech Company Jebel Ali Free Zone – Dubai as at July 31, 2006 and the results of its operations, and its cash flows for the year then ended.

Al - Hamili & Co.  
Public Accountants  
Amir Saad Yousef  
Auditors' Register  
No. ( 126 )



**AL NAHJ TECH COMPANY**  
**JEBEL ALI FREE ZONE**  
**DUBAI - UNITED ARAB EMIRATES**  
**BALANCE SHEET AS AT JULY 31, 2007**

<b>Current Assets</b>	<b>Notes</b>	<b>2007 U.S. \$</b>	<b>2006 U.S. \$</b>
Accounts Receivable	( 4 )	590,948	743,120
Inventories	( 2/D )	247,065	317,350
Deposits & Prepayments	( 5 )	45,303	58,826
Cash on Hand & Bank	( 3 )	204,188	69,136
<b>Total Current Assets</b>		<b>1,087,504</b>	<b>1,188,432</b>
<b>Current Liabilities</b>			
Accounts Payable	( 6 )	201,228	187,227
<b>Total Current Liabilities</b>		<b>201,228</b>	<b>187,227</b>
Net Current Assets		886,276	1,001,205
Fixed Assets	( 2/B,7 )	400,595	45,142
<b>Total Assets</b>		<b>1,286,871</b>	<b>1,046,347</b>
<b>Represented By :</b>			
Capital Account		500,000	500,000
Head Office Current Accounts		( 1,436,475 )	( 1,230,807 )
Profit for the Period		2,223,346	1,777,154
<b>Total</b>		<b>1,286,871</b>	<b>1,046,347</b>

" The attached notes form part of the financial statement "

**AL NAHJ TECH COMPANY**  
**JEBEL ALI FREE ZONE**  
**DUBAI - UNITED ARAB EMIRATES**  
**STATEMENT OF PROFIT & LOSS FOR**  
**THE YEAR ENDED JULY 31, 2007**

	<b>Notes</b>	<b>2007 U.S. \$</b>	<b>2006 U.S. \$</b>
Sales	( 2/A )	2,750,168	3,720,150
Deduct :			
Cost of Sales		1,832,043	2,469,839
<b>Gross Profit</b>		<b>918,125</b>	<b>1,250,311</b>
Deduct :			
Administrative & General Expenses		471,933	639,825
<b>Profit for the Period</b>		<b>446,192</b>	<b>610,486</b>
Add :			
Retained Earnings at the Beginning of the Period		1,777,154	1,166,668
<b>Retained Earnings at the End of the Period</b>		<b>2,223,346</b>	<b>1,777,154</b>

" The attached notes form part of the financial statement "

**AL NAHJ TECH COMPANY**  
**JEBEL ALI FREE ZONE**  
**DUBAI - UNITED ARAB EMIRATES**  
**STATEMENT OF CASH FLOWS FOR**  
**THE YEAR ENDED JULY 31, 2007**

Notes	2007 U.S. \$	2006 U.S. \$
<b><u>*Cash Flows from Operation Activities :</u></b>		
- Net Profit for the Year	505,692	610,486
<b><u>Adjustment for the Year :</u></b>		
- Depreciation	104,641	15,047
<b>Operating Profit Before Working Capital Changes</b>	<b>610,333</b>	<b>625,533</b>
<b><u>*Cash Flows from Working Capital Changes :</u></b>		
- Net Decrease in Current Assets	235,980	344,950
- Net Increase in Current Liabilities	14,001	62,519
<b>Total</b>	<b>249,981</b>	<b>407,469</b>
<b><u>*Cash Flows from Financing :</u></b>		
- Current Accounts	( 860,314 )	( 1,032,296 )
<b>Total</b>	<b>( 860,314 )</b>	<b>( 1,032,296 )</b>
<b>- Net Cash</b>	<b>135,052</b>	<b>706</b>
- Cash & Cash Equivalent at the Beginning of the year	69,136	68,430
<b>- Cash &amp; Cash Equivalent at the End of the year</b>	<b>204,188</b>	<b>69,136</b>
	=====	=====

" The attached notes form part of the financial statement "

**AL NAHJ TECH COMPANY**  
**JEBEL ALI FREE ZONE**  
**DUBAI - UNITED ARAB EMIRATES**  
**NOTES TO THE FINANCIAL STATEMENTS**

**1. Activity & Legal Status :**

Al Nahj Tech Company is registered JAFZA - Dubai Business Hub as a branch of Al Nahj Company for Computers & Electrical Equipment Services Baghdad, Iraq and operating under trade license No. 40247.

The company is engaged in trading in computers & related accessories, IT equipment, communication equipment and graphics.

**2. Accounting Policies :**

The financial statements have been prepared under the historical cost convention. The significant accounting policies are as follows :

**A) Sales Revenues :**

The company reports the revenues from sales of computers & related accessories.

**B) Fixed Assets :**

Fixed assets are stated at the cost. Depreciation is provided on straight line basis over the estimated useful life of the assets at rate of 20%.

**C) Provision for End of Service Benefits :**

Provision is calculated for employees' end – of – service benefits accordance with the provision of UAE Federal Labor Law.

**D) Inventories :**

Inventories are stated at the lower cost and net realizable value. The expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

	<b>2007</b>	<b>2006</b>
	<b>U.S. \$</b>	<b>U.S. \$</b>
- Inventories	247,065	317,350
<b>Total</b>	<b>247,065</b>	<b>317,350</b>
	=====	=====

Notes ( continued )

**E) Trade and Other Receivable:**

Trade receivables and other receivable are stated at their cost less impairment losses the amounts to be paid within 60-90 days from the date of invoices.

**F) Cash & Cash Equivalents :**

Cash and cash equivalents comprises cash and bank balances. For the purpose of the statement of cash flows, cash equivalents are presented net of banks balances.

**G) Trade and Other Payables :**

Trade and other payables are stated at their cost.

**H) Staff Terminal Benefits, Provision :**

The provision for staff terminal benefits is based on the liability that would arise if the employment of all staff was terminated at the balance sheet date and is calculated in accordance with the provision of UAE Federal Labor Law.

**I) Financial Instruments :**

The financial assets include cash at bank and in hand, trade and other receivables. Financial liabilities include trade and other payables, bank overdraft.

**3. Cash on Hand & Bank :**

	<b>2007</b>	<b>2006</b>
	<b>U.S. \$</b>	<b>U.S. \$</b>
- Cash on Hand	21,482	8,810
- Cash at Bank	182,706	60,326
<b>Total</b>	<b>204,188</b>	<b>69,136</b>

**4. Accounts Receivable :**

Accounts receivable are stated net of any provision and are short term in natural fair value approximate carrying value, except the retention amounts.

	<b>2007</b> <b>U.S. \$</b>	<b>2006</b> <b>U.S. \$</b>
- Accounts Receivable	533,495	656,652
- Advances	57,453	86,468
<b>Total</b>	<b>590,948</b>	<b>743,120</b>

**5. Deposits & Prepayments :**

	<b>2007</b> <b>U.S. \$</b>	<b>2006</b> <b>U.S. \$</b>
- Deposits	27,500	34,128
- Prepayments	17,803	24,698
<b>Total</b>	<b>45,303</b>	<b>58,826</b>

**6. Accounts Payable :**

Accounts payable and accruals, other are recognized for the amounts to be paid in future for goods & services received whether billed by the supplier or not.

	<b>2007</b> <b>U.S. \$</b>	<b>2006</b> <b>U.S. \$</b>
- Accounts Payable	150,301	145,612
- Staff Benefits	26,780	20,479
- Accrued Expenses	24,147	21,136
<b>Total</b>	<b>201,228</b>	<b>187,227</b>

**7. Fixed Assets :**

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	Cost Value	Accumulated	Net B. Value
	U.S. \$	Depreciation	U.S. \$
	U.S. \$	U.S. \$	U.S. \$
- Furniture, Fixtures & Decoration	222,675	38,605	184,070
- Computers & Programs	82,561	33,536	49,025
- Tools & Testing Equipment	150,000	22,500	127,500
- Automobiles	50,000	10,000	40,000
<b>Total 31 / 07 / 2007</b>	<b>505,236</b>	<b>104,641</b>	<b>400,595</b>
<b>Total 31 / 07 / 2006</b>	<b>75,236</b>	<b>30,094</b>	<b>45,142</b>

**8. General :**

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- Figures in the financial statements have been rounded off to the nearest U. S. A. Dollars.

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