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**S&P: World's Financial
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Meeting Of The New
Champions In China**

BUSINESS LIFE

October 2008



Cover Interview:
Arif Mohd Al Alawi

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Is EDL Becoming A Nightmare?

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Europe.....Euro4
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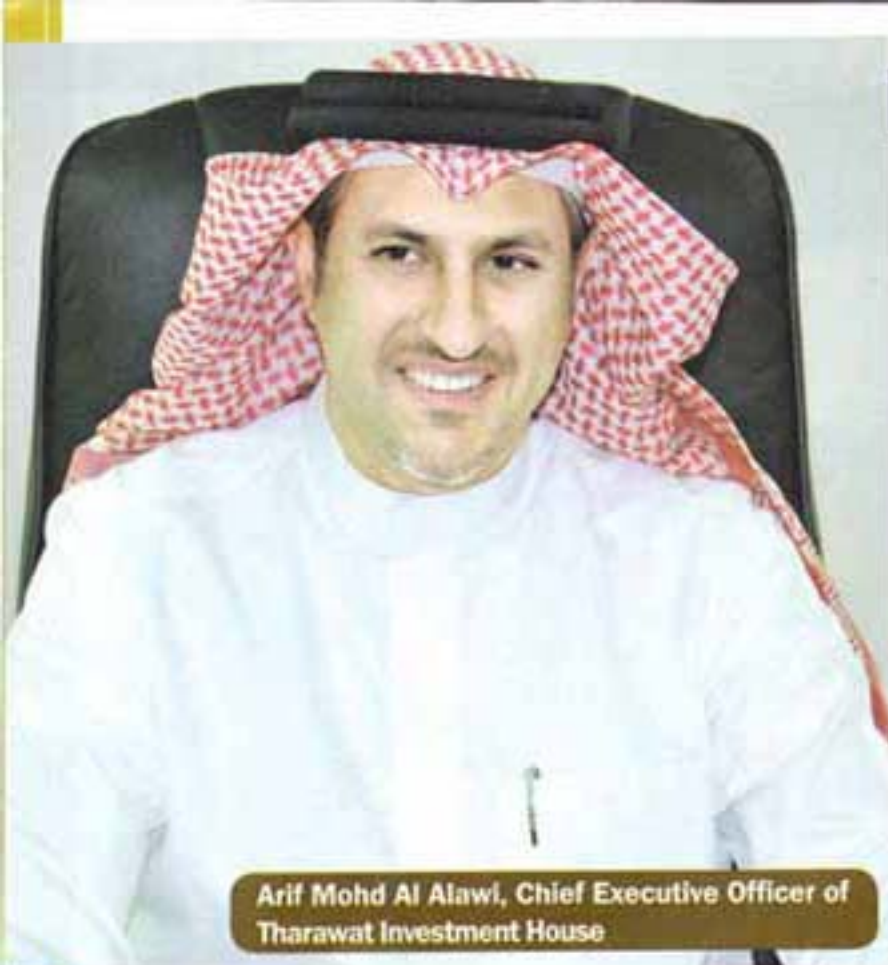


A portrait of Arif Mohd Al Alawi, Chief Executive Officer of Tharawat Investment House. He is a man with a mustache and goatee, wearing a white thobe and a red and white checkered ghutra with a black agal. He is smiling slightly and looking towards the camera.

BREAKING DOWN BARRIERS

A NEW AND INNOVATIVE FINANCIAL
INSTITUTION VOWS TO BREAK ANY
BARRIER TO THE DEVELOPMENT
OF ISLAMIC FINANCE

Delivering innovative, high quality, risk adjusted, and Sharia'a compliant products to the GCC market is no easy task but Tharawat Investment House, a newly established financial institution, has taken on the challenge. Tharawat Investment House (Tharawat), based in the Kingdom of Bahrain and regulated by the Central Bank of Bahrain (CBB), was launched in July 2008 as a Sharia'a compliant investment company. Tharawat authorized capital is US\$100 million and paid up capital of US\$33.25 million. Tharawat focuses on offering investment products covering three main sectors namely the industrial sector, agricultural sector and service sector and with a lesser degree the real estate sector. In order to get an insight into their ambitions and the current state of the market, BUSINESS LIFE has conducted an exclusive interview with Arif Mohd Al Alawi, Chief Executive Officer of Tharawat Investment House.



Arif Mohd Al Alawi, Chief Executive Officer of Tharawat Investment House

BL: What are the targets of THARAWAT Investment House?

Arif M. Al Alawi: Our goal is to contribute to the growth of the economy by participating in the development of infrastructure, industrial, services and real estate projects; building on our values which count on the principles of trustworthiness, compliant environment, accountability, commitment, empowerment, fairness, sincerity, honesty, meeting client's expectation, training and development.

BL: What are the plans for the coming five years?

Arif M. Al Alawi: During the next 5 years we, in sha'a Allah, will focus on the industrial sector, agriculture sector, service sector and real estate sector. Geographically speaking, we will concentrate 70% of our operations and activities in the GCC and the international Islamic markets, while the remaining percentage 30% will be in the US and European markets.

Our operations will mainly deal with investment banking (advisory) services, private equity investment, asset management (GCC and international equity funds), and venture capital investment.

Tharawat will also focus on establishing investment portfolios with strategic partners, with future intentions to invest in small and medium enterprises SMEs with amounts ranging between US\$ 5-250 million.

BL: What is your vision?

Arif M. Al Alawi: Our vision is to become the leading Sharia'a compliant Islamic investment house operating in Islamic countries and particularly in the GCC, by delivering innovation, quality, risk-adjusted, and Sharia'a compliant products to the regional

(GCC) and international Islamic markets.

BL: As a Sharia'a Compliant Islamic investment house, please tell us how do you differentiate your organization from the rest of the companies that are working in the same domain?

Arif M. Al Alawi: What really differentiates us amongst our counterparts from the financial sector is that we succeeded in building up a financial institution that attracted excellent calibers. Another differentiating factor is the selection of projects which are small to medium sized, with a

medium term exit strategy, and in the GCC region.

BL: What about your exposure and existing presence in the various Islamic and non Islamic countries?

Arif M. Al Alawi: As you know Tharawat was formed on 31 July 2008 as a Sharia'a compliant investment company with a capital of US\$ 33.25 million working in the kingdom of Bahrain. So we are still new in this very promising market, targeting to acquire a significant share of the Islamic investment and finance industry in the region and Islamic markets.

BL: What are your plans for the Asian market, such as China?

Arif M. Al Alawi: Our focus at the moment will be in GCC markets and other Asian markets. Concerning China, it is on our radar and some industrial projects will be developed through partnering with Chinese companies while benefiting from their long experience in establishing and running industrial projects.

BL: What are the value-added projects that you have accomplished or the ones that are in the pipeline?

Arif M. Al Alawi: Tharawat will start launching its formal operations by studying 5 projects at the moment; one of them is expected to be launched before end of this year.

Maslow in his hierarchy of needs defined that food is the basic necessity for human beings. The whole globe is witnessing unprecedented shortage in food and the gap between supply and demand is widening due to the drought in major agricultural lands. Tharawat with international players are developing a concept related to this field

and expecting to finalize the investment proposal before end of this year.

BL: How would Tharawat deal with customers' expectations and shareholders' non ending ambition? And do you believe that patience pays off at for investors?

Arif M. Al Alawi: To embark on a journey of success one needs the tools of preparedness, foresight and strategy; which lead to the path of growth and high quality deliverables.

It is imperative to combine these three forces in an industry, where every future Islamic investment we will undertake will stand as a witness for our innovation and capabilities.

Time and experience are the two most telling factors in any investment, and we in Tharawat study to understand market cycles and report to our customers the performance of their investments.

We are committed to the pursuit of excellence and we will continue evaluating ways to strengthen our policies and practices to promote the interests of our shareholders, partners, employees and the countries and communities in which we will operate.

BL: What is your personal take on the industry and the recent changes in the Euro/US\$, oil prices and the anticipated economic slowness in Europe and the United States?

Arif M. Al Alawi: It is obvious that the consequences of the subprime financial crisis are still biting the American economy and global markets deeply, taking into consideration the bankruptcy of Lehmann Brothers Bank and increasing concerns of AIG facing the same fate of the American bank.

World stock markets have plunged this week with London and Tokyo falling to their lowest levels for more than three years, and Wall Street dropping 150 points.

Meanwhile, oil fell beneath \$90 a barrel on prospects that the growing economic gloom would further dampen demand for energy, and the dollar fell to more than three-month lows against the yen.

The US Federal Reserve chose to leave interest rates unchanged at 2% last Tuesday, rejecting calls for a cut.

We anticipate that the subprime crisis will continue to lead the turmoil of the international financial markets. And it will take long time until the main markets revive and register green arrows on the boards of trading in bourses.

The American dollar declined 0.5% against the Japanese yen reaching 104.14 yen to be the lowest level in 4 months.

The euro also witnessed some stability reaching US\$ 1.4236.

BL: Do you bet on a stronger dollar?

Arif M. Al Alawi: I don't think that the green currency will witness stronger performance against the euro on the short term, as more analysts predict a pessimistic future for the American economy and more inflationary pressures.

BL: Is the global economic growth galloping? Why?

Arif M. Al Alawi: We think that the global economy is facing a period full of turmoil and uncertainty with more multinational financial institutions announcing big losses or going bankrupt, or even searching for a savior who can resurrect their hope for a brighter future. The bulk of prospects assert the continuity of the international economic and financial turmoil as long as the biggest economy in the world stays suffering from the harsh pains of the subprime crisis.

BL: What are the ways to fix the gaps in your industry?

Arif M. Al Alawi: I think the most important thing is making a kind of equilibrium between the needs of markets and the sizes of proposed investments or projects. It is very obvious that the majority of liquidity goes to real estate projects while neglecting other vital sectors such as the agricultural, industrial, and services sectors.

BL: Do you think that the real estate industry is on the edge in our region? How would you compare it to the rest of the world?

Arif M. Al Alawi: On the contrary, the real estate industry is still in great shape, especially when we consider the growing appetite on housing and infrastructure development to meet the citizens' needs. And if we compare it to the rest of the world we can say it is the most promising and the biggest around the globe, taking into account also its very rapid growth.

BL: Are the real estate prices in the GCC over evaluated?

Arif M. Al Alawi: Demand for raw materials has pushed prices up significantly across the region, adding hugely to the cost of construction. The problem is compounded in Bahrain, which has very little local resources and relies heavily on imports for almost everything. The price of cement, for example, has increased by almost 50% in just a few years.

We can't ignore also the factor of land plots which have witnessed a double-digit hike in

prices because of the huge demand and lack of lands in a small country like Bahrain.

BL: How are the GCC economies pushing the region to a new level? And what is the role of your country?

Arif M. Al Alawi: As we all know, GCC countries have started to be key players in deciding the destiny of the region's economic and financial future because, depending on its liquidity fueled by the wealth of oil and petrochemical industry, plus the increasing appetite to diversify gulf investments in all parts of the Middle East region in all fields of investment, finance and development. Bahrain's role will focus on being the regional pioneer as a financial hub for the Middle East and North Africa (MENA Region) for both traditional and Islamic banking, plus the insurance industry. The kingdom's diversified economy and economic liberalization makes it among the top of reformers in GCC region and the Arab world, which makes Bahrain an ideal model for holistic reforms and legal policies and flexible liberty and democracy.

BL: Do you have any plans for the Lebanese market?

Arif M. Al Alawi: As we said before our intentions now will be targeting investment opportunities in the GCC region. And the Lebanese market could be a probable choice in the near future with other Arab countries.

BL: How would the CEO of Tharawat set his ambition and plans? How would your background help you in achieving your goals?

Arif M. Al Alawi: When we established Tharawat more than 2 months ago, we envisioned a clear target in front of our sight to take steady strides towards success.

We will set our ambition by pursuing a well

defined approach with a clear and concise goal of redefining and advancing Islamic investments in the context of a solid investment process that forms the foundation of this approach.

BL: What made you decide to work in this industry and to choose Tharawat?

Arif M. Al Alawi: Islamic investment and finance is considered nowadays the real motive of businesses and investment opportunities all around the region. And it is high time to seize these opportunities that this region or industry offers.

The GCC region is considered to be the beating heart of the Islamic financial services industry when it first started in the 1970s. Initiatives on Sharia'a compliant investment and financing are mushrooming across the board, with countries as economically significant as Japan, the UK and China seriously considering some form of Sharia'a compliant finance for their domestic market, thereby providing even more credibility to the phenomenon.

The Islamic finance industry globally now manages over US\$ 500 billion, and is expected to hit the 1 trillion \$ mark within the next 5 years. Sukuk alone accounts for US\$100 billion. Islamic banks had easily outperformed their conventional counterparts throughout GCC region by the first quarter of 2008. The Islamic banks are growing faster than conventional ones by an annual average of 15-20%, as many investors migrate from one to the other.

Tharawat has a clear vision to become the leading Sharia'a compliant Islamic investment house operating in the Islamic countries and particularly in the GCC, on a mission that sheds light on delivering innovation, quality, risk-adjusted, and Sharia'a compliant products to the GCC region and international Islamic markets.

BL: What are your personal passions?

Arif M. Al Alawi: We hope that Tharawat will be on the top of Islamic investment houses across the region on the short term by soaring to new levels of development through a solid base of transparent and well-governed strategies and policies.

BL: Are you now in a prime position to do big deals?

Arif M. Al Alawi: We can assure you that Tharawat is in a perfect position right now to deal with any big project in Bahrain or abroad, this will be supported by recognizing a competent and dedicated staff as one of the core assets of a successful organization.



Arif Mohd Al Alawi, CEO of Tharawat Investment House and Khalid Alkhayat, Director of Corporate Communications

THARAWAT INVESTMENT HOUSE APPOINTS KHALID ALKHAYAT AS DIRECTOR OF CORPORATE COMMUNICATIONS



Arif Mohd Al Alawi, Tharawat Chief Executive Officer



Khalid Alkhayat as Director of Corporate Communications

As part of its continuous efforts for achieving its strategic objectives and future vision, Tharawat Investment House (Tharawat), a new Islamic investment company, announced the appointment of Khalid Alkhayat as Director of Corporate Communications.

This move is part of the firm's plan to attract highly qualified professionals by international standards capable of developing and offering high levels of products and services.

Alkhayat comes to Tharawat with a wealth of professional experience spanning some 22 years which he spent in Bahrain Telecommunications Company (Batelco), which he joined in February 1987 and his career took him to become Media, Events and Community Relations Officer. He also joined Bahrain Islamic Bank (BisB) in September 2005 for three years as Senior Manager Corporate Communications.

On this occasion, Arif Mohd Al Alawi, Tharawat Chief Executive Officer expressed his optimism at the

skills of the young leadership that joined the firm since its launch recently. He said: "Attracting the young Bahraini leaderships is considered as one of our most important strategic objectives as our human resources on the senior or executive levels are considered as the most precious wealth we have in Tharawat."

"Khalid Alkhayat has joined Tharawat, as did others before him, in yet another confident move in the right direction to achieve the objectives we have set for ourselves in the very near future." He added.

Concluding Arif Mohd Al Alawi, Tharawat Chief Executive Officer said: "On behalf of all the TIH family I wish to personally welcome Alkhayat who is considered as a valuable asset to our firm and we are fully confident of his ability to carry out his duties at the highest possible level. All Tharawat family members join me in welcoming him and assure him of our strong support to succeed in his new job duties."

Meanwhile, Khalid Mohammed Alkhayat, Tharawat Director Corporate

Communications expressed his pleasure at joining TIH and said: "I am very delighted to join Tharawat, operating in full compliance with Islamic Sharia'a, which is considered as a crucial element in seizing the opportunity to join it."

"I was really impressed by the warm welcome that I received from all Tharawat family since my arrival at the temporary headquarters in Seef District. I was also pleased to notice the cohesion of this family for whom I hope to succeed in carrying out my new duties." He added.

Al Khayat is a holder of several degrees and qualifications in corporate communications and media, and has attended numerous training courses in Bahrain and overseas covering different aspects of journalism and public relations. Previously he was a regular contributor to the local press as he used to publish a weekly column in the Bahrain daily Al Ayam in addition to another weekly column in the Bahraini magazine "Sada Al Ysbou". Before taking up his recent job in banking he was actively involved in electronic editorial work.