

THARAWAT INVESTMENT HOUSE BSC (c)
FINANCIAL STATEMENTS
FOR THE PERIOD FROM 13 AUGUST 2008 TO
31 DECEMBER 2009

Commercial registration	:	69624 (registered with Central Bank of Bahrain as a category one investment firm).
Office	:	Seef District, Building: 2334 PO Box 75780, Manama, Kingdom of Bahrain
Directors	:	Mr. Saeed Abdulla Al Misned, <i>Chairman</i> Mr. Mosa Bin Abdul Aziz Al Mosa, <i>Vice Chairman</i> Mr. Ali Bin Husain Al Sadah Mr. Sultan Bin Abdul Aziz Al Mosa HE Dr. Mohammed Khalfan bin Kherbash Mr. Nasir Salim Al Shamsi Mr. Tariq Ishaq Al Kooheji Mr. Arif Mohammed Al Alawi Dr. Adnan Sultan
Chief Executive Officer	:	Mr. Arif Mohammed Al Alawi
Bankers	:	Bahrain Islamic Bank, Bahrain Al Salam Bank, Bahrain Khaleeji Commercial Bank BSC, Bahrain
Auditors	:	KPMG Fakhro, Bahrain

FINANCIAL STATEMENTS

For the period from 13 August 2008 to 31 December 2009

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DIRECTORS' REPORT
for the period from 13 August 2008 to 31 December 2009**US\$**

We have pleasure in presenting the audited financial statements and the performance of Tharawat Investment House BSC (c) (the "Company") as at 31 December 2009 and for the period from 13 August 2008 to 31 December 2009.

Financial highlights

Loss for the period

Total assets

Total equity

**31 December
2009**

(3,859,614)

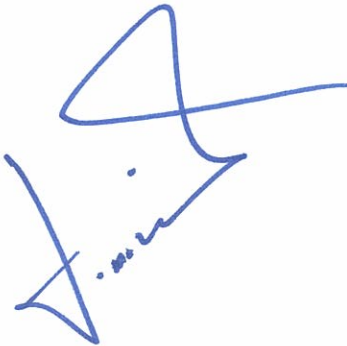
29,446,934

29,174,713

Representations and audit

There have been no events since 31 December 2009, which would invalidate the financial statements on pages 4 to 20.

The Company has maintained proper complete accounting records, which together with all other information and explanations have been made freely available to the auditors, KPMG.



Saeed Bin Abdulla Al Misned
Chairman

29 April 2010

بسم الله الرحمن الرحيم

الحمد لله رب العالمين والصلاة والسلام على رسوله الأمين وعلى آله وأصحابه أجمعين

Sharia'a Supervisory Board ("SSB") Report

To the Shareholder of THARAWAT Investment House

For the Financial Period Ending 31.12.2009

Dear Shareholders/

In compliance with our terms of reference, we are required to present the following report:

We have reviewed the principles and contracts relating to the transactions and applications conducted by THARAWAT Investment House during the course of the period from its incorporation up to December 31, 2009. Our review was conducted in order to judge whether the Bank followed the principle of the Islamic *Sharia'a*, specific *Fatwas* and guidelines issued by *Sharia'a* Supervisory Board.

The Bank's Management is responsible for ensuring that its operations are carried out in compliance with the rules and principles of the Islamic *Sharia'a*. It is our responsibility to present an independent view of the Bank's operation and to communicate it to the shareholders.

Our review included a detailed analysis of each type of transaction with its relevant document and procedures adopted by the Bank. The review was planned and performed so as to obtain all necessary information and explanation to provide sufficient evidence proving that the bank has not violated any rules and principles of the Islamic *Sharia'a*.

In our opinion:

- The bank's contracts, transactions and deals until the end of December 31, 2009 are in compliance with the rules and principles of the *Islamic Sharia'a*.
- The Bank's allocation of profit and charging of losses relating to investment accounts are in compliance guidance issued in line with the rules and principles of the Islamic *Sharia'a*.
- The Bank's calculation of *Zakat* is in compliance with the rules and principles of the Islamic *Sharia'a*.

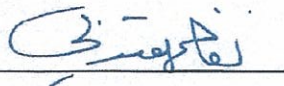
Date: 7th April 2010

SH. NEDHAM MOHAMED SALEH YAQOUBI

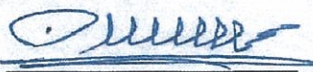
SH. MOHAMMAD ABDUL-RAHIM
SULTAN AL OLAMA

SH. OSAMA MOHAMED BAHAR

Signature:



Signature:



Signature:



KPMG Fakhro
Audit
5th Floor
Chamber of Commerce Building
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Kingdom of Bahrain

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**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
THARAWAT INVESTMENT HOUSE BSC (c)**
Manama, Kingdom of Bahrain

29 April 2010

Report on the financial statements

We have audited the accompanying financial statements of Tharawat Investment House B.S.C.(c) ("the Company"), which comprise the statement of financial position as at 31 December 2009, and the income statement, the statement of changes in equity, and the statement of cash flows for the period 13 August 2008 to 31 December 2009, and a summary of significant accounting policies and other explanatory notes.

Respective responsibilities of board of directors and auditors

These financial statements and the Company's undertaking to operate in accordance with Islamic Shari'a rules and principles are the responsibility of the board of directors of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

Basis of opinion

We conducted our audit in accordance with Auditing Standards for Islamic Financial Institutions issued by Accounting and Auditing Organisation for Islamic Financial Institutions. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2009 and the results of its operations, its cash flows, and changes in equity for the period 13 August 2008 to 31 December 2009, in accordance with Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions.

Report on other legal and regulatory requirements

In addition, in our opinion, the Company has maintained proper accounting records and the financial statements are in agreement therewith. We have reviewed the accompanying directors' report and confirm that the information contained therein is consistent with the financial statements. We are not aware of any violations of the Bahrain Commercial Companies Law 2001, the Central Bank of Bahrain and Financial Institutions Law 2006, terms of the Company's license or its memorandum and articles of association having occurred during the period that might have had a material effect on the business of the Company or on its financial position. Satisfactory explanations and information have been provided to us by the management in response to all our requests.



STATEMENT OF FINANCIAL POSITION
as at 31 December 2009

US\$

	Note	31 December 2009
ASSETS		
Cash and bank balances		1,450,900
Placements with financial and other institutions	3	14,879,197
Available-for-sale investments	4	4,043,639
Held for sale investment	5	8,406,000
Other assets	6	337,486
Equipment	7	329,712
Total assets		29,446,934
LIABILITIES AND EQUITY		
LIABILITIES		
Accounts payable and accruals	8	272,221
Total liabilities		272,221
EQUITY		
Share capital	9	33,250,000
Available-for-sale investment fair value reserve		(215,673)
Accumulated losses		(3,859,614)
Total equity (page 6)		29,174,713
Total liabilities and equity		29,446,934

The financial statements were approved by the Board of directors on 29 April 2010 and signed on its behalf by:



Saeed Bin Abdulla Al Misned
Chairman



Arif Mohammed Al Alawi
Chief Executive Officer &
Board member

The accompanying notes 1 to 24 form an integral part of these financial statements.

INCOME STATEMENT
for the period 13 August 2008 to 31 December 2009

US\$

	Note	2009
Income from placements with financial and other institutions	10	1,381,008
Income from investments		212,767
Fees and commission	11	933,080
Total income		2,526,855
Staff cost	12	3,549,374
General and administrative expenses	13	2,204,572
Depreciation		122,132
Pre-incorporation expenses	14	510,391
Total expenses		6,386,469
LOSS FOR THE PERIOD		(3,859,614)

The financial statements were approved by the Board of directors on 29 April 2010 and signed on its behalf by:



Saeed Bin Abdulla Al Misned
Chairman



Arif Mohammed Al Alawi
Chief Executive Officer &
Board member

The accompanying notes 1 to 24 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
for the period 13 August 2008 to 31 December 2009

US\$

	Share Capital	Available for sale investments fair value reserve	Accumulated losses	Total
Capital introduced during the period	33,250,000	-	-	33,250,000
Fair value changes	-	(215,673)	-	(215,673)
Loss for the period	-	-	(3,859,614)	(3,859,614)
Balance at 31 December 2009	33,250,000	(215,673)	(3,859,614)	29,174,713

The accompanying notes 1 to 24 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
for the period 13 August 2008 to 31 December 2009

US\$

	13 August 2008 to 31 December 2009
Loss for the period	(3,859,614)
Adjustments for:	
Depreciation	122,132
Loss on disposal of equipment	1,566
Operating profit before working capital changes:	(3,735,916)
Increase in other assets	(337,486)
Increase in other liabilities	272,221
Cash flows from operating activities	(3,801,181)
INVESTING ACTIVITIES	
Purchase of AFS securities	(7,643,842)
Proceeds from disposal of AFS securities	3,384,530
Investments in assets held for sale	(8,406,000)
Purchase of equipment	(453,410)
Cash flows from investing activities	(13,118,722)
FINANCING ACTIVITIES	
Proceeds from ordinary share capital introduced during the period	33,250,000
Cash flows from financing activities	33,250,000
Net increase in cash and cash equivalents	16,330,097
Cash and cash equivalents at beginning of the period	-
Cash and cash equivalents at 31 December	16,330,097
Cash and cash equivalents comprise:	
Cash and bank balance	1,450,900
Placements with financial and other institutions (maturing in less than three months)	14,879,197
	16,330,097

The accompanying notes 1 to 24 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the period 13 August 2008 to 31 December 2009

1 INCORPORATION AND PRINCIPAL ACTIVITY

Tharawat Investment House B.S.C (c) (the "Company") was incorporated on 13 August 2008 in the Kingdom of Bahrain under Commercial Registration No. 69624. The Company operates under a category 1 Investment firm license granted by the Central Bank of Bahrain ("CBB") on 1 June 2008.

The Company's activities are regulated by the Central Bank of Bahrain (CBB) and supervised by a Religious Supervisory Board whose role is defined in the Company's Articles of Association.

The principal activities of the Company include investing in products which comply with Islamic Shari'a rules and principles, providing advisory services to funds, managing discretionary portfolio as an agent

The financial statements have been prepared for the period from 13 August 2008, the date of incorporation to 31 December 2009. Since these are the Company's first financial statements, there are no comparative figures.

2 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been consistently applied by the Company.

(a) Statement of compliance

The financial statements have been prepared in accordance with Financial Accounting Standards ('FAS') issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) and Bahrain Commercial Companies Law 2001. In line with the requirement of AAOIFI, for matters that are not covered by AAOIFI standards, the Company uses guidance from the relevant International Financial Reporting Standards.

(b) Basis of measurement

The financial statements are presented in US\$, which is also the principal currency of the Company's operations. The financial statements are prepared on the historical cost basis except for the measurement at fair value of Available-for-sale ('AFS') investments.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. Management believes that the underlying assumptions are appropriate and the Company's financial statements therefore present the financial position and results fairly. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 15.

(c) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in US\$, which is the Company's functional and presentation currency.

NOTES TO THE FINANCIAL STATEMENTS
for the period 13 August 2008 to 31 December 2009

2 *SIGNIFICANT ACCOUNTING POLICIES (continued)*

(d) Available for sale Investments

Classification

Available-for-sale investments are financial assets that are not investments held for trading or held-to-maturity or loans and receivables. These include investments in certain quoted sukuk.

Recognition and measurement

Available-for-sale investments are initially recognised at fair value, which is the cash consideration including transaction costs and re-measured subsequently to fair value. Gains and losses arising from a change in the fair value are recognised in a separate fair value reserve within equity. When the available-for-sale investments are sold, impaired, collected or otherwise disposed of, the cumulative gain or loss previously recognised in equity is transferred to the income statement.

Fair value

Fair value for quoted investments is their market bid price.

Impairment

The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of sukuk, classified as available-for-sale, impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the sukuk ("a loss event") and that loss event (or events) has an impact on the estimated future cash flows of the sukuk that can be reliably estimated. If any such evidence exists, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on sukuk are subsequently reversed through the income statement.

(e) Investments Held-for-sale

Investment held for sale represents a 35% equity stake in a company. It is classified as held for sale as its carrying amount is expected to be recovered principally through a sale transaction rather than through continuing use within twelve months. It is carried at the lower of its carrying amount and fair value less costs to sell.

(f) Placements with financial and other institutions

These mainly comprise inter-bank placements made using shari'a compliant Murabaha, Wakalah and Mudarabah contracts. Placements are usually for short-term and are stated at their amortised cost less impairment.

NOTES TO THE FINANCIAL STATEMENTS
for the period 13 August 2008 to 31 December 2009

2 *SIGNIFICANT ACCOUNTING POLICIES (continued)*

(g) De-recognition of financial assets

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Company has transferred substantially all risk and rewards of ownership. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

(h) Impairment of non-financial assets

The carrying amount of the Company's non-financial assets, are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use or fair value less costs to sell. An impairment loss is recognised whenever the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. Impairment losses are reversed only if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

(i) Fixed assets

Fixed assets are stated at cost, net of accumulated depreciation. Depreciation is computed using the straight-line method to write-off the cost of the assets over their estimated useful lives or over the lease term in case of leasehold improvements as follows:

Furniture and fixtures	3 years
Leasehold improvements	3 years
Office equipment and computers	3 years

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

(j) Statutory reserve

The Bahrain Commercial Companies Law 2001 requires that 10 percent of the annual net profit be appropriated to a statutory reserve which is normally distributable only on dissolution. Appropriations may cease when the reserve reaches 50 percent of the paid up share capital.

(k) Revenue recognition

Income from Murabaha and Wakala contracts are recognised on a time-apportioned basis over the period of the contract using the effective profit rate method.

Income from advisory services are recognised as the related services are performed.

Dividend income is recognised when the company's right to receive is established.

(l) Earnings prohibited by Shari'a

The Company is committed to avoid recognising any income generated from non-Islamic sources. Accordingly, all non-Islamic income is credited to a charity account where the Company uses these funds for charitable purposes.

NOTES TO THE FINANCIAL STATEMENTS
for the period 13 August 2008 to 31 December 2009

2 *SIGNIFICANT ACCOUNTING POLICIES (continued)*

(m) Zakah

In accordance with its articles of association, the Company is not required to pay Zakah. However, the Company is required to calculate and notify, under a separate report, shareholders of their pro-rata share of the Zakah payable amount. These calculations are approved by the Shari'a Supervisory Board.

(n) Employee benefits

(i) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Post-employment benefits

Pensions and other social benefits for Bahraini employees are covered by the General Organisation for Social Insurance scheme, which is a "defined contribution scheme" in nature, and to which employees and employers contribute monthly on a fixed-percentage-of-salaries basis. Contributions by the Company are recognised as an expense in the income statement when they are due.

Expatriate employees on fixed contracts are entitled to leaving indemnities payable under the Bahraini Labour Law for the Private Sector of 1976, based on length of service and final remuneration. Provision for this unfunded commitment has been made by calculating the notional liability had all employees left at the statement of financial position date. These benefits are in the nature of "defined benefit scheme" and any increase or decrease in the benefit obligation is recognised in the income statement.

(o) Foreign currency transactions

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(p) Dividends and board remuneration

Dividends to shareholders and board remuneration are recognised as liabilities in the period in which they are declared.

(q) Trade date/ settlement date accounting

All "regular way" purchases and sales of financial assets are recognised on trade date, i.e. the date that the Company contracts to purchase or deliver the asset. Regular way purchases or sale are purchases or sale of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

(r) Offsetting

Financial assets and liabilities are offset and reported net in the balance sheet when there is a legally enforceable right to set off the recognized amounts and when the Company intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

NOTES TO THE FINANCIAL STATEMENTS
for the period 13 August 2008 to 31 December 2009

US\$

2 *SIGNIFICANT ACCOUNTING POLICIES (continued)*

(s) **Provisions**

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

3 **PLACEMENTS WITH FINANCIAL AND OTHER INSTITUTIONS**

	31 December 2009
Gross commodity Murabaha receivables	6,292,552
Less: Deferred profits	(57,687)
	6,234,865
Wakalah placements	4,706,092
Mudarabah placements	3,938,240
	14,879,197

The average profit rate on commodity Murabaha and Mudarabah placements for 2009 was 4.5% per annum. The average profit rate on Wakalah placements for 2009 was 3.65% per annum.

4 **AVAILABLE-FOR-SALE INVESTMENTS**

	31 December 2009
Additions	7,643,842
Disposals	(3,396,807)
Realized gains	61,810
Fair value changes during the period	(265,206)
	4,043,639

The available-for-sale investments represent investments in listed Sukuk, mainly issued by GCC governments, central banks, and corporations.

5 **HELD-FOR-SALE INVESTMENT**

	31 December 2009
Additions	8,406,000
	8,406,000

This represents a 35% equity stake in an unquoted technology company which the Company intends to place with investors within the next twelve months.

NOTES TO THE FINANCIAL STATEMENTS
for the period 13 August 2008 to 31 December 2009

US\$

6 OTHER ASSETS

	31 December 2009
Prepayments	73,324
Other receivables	264,162
	337,486

7 EQUIPMENT

	Office Equipment & Computers	Furniture & Fixtures	Leasehold improvements	2009 Total
Cost				
Additions	340,763	31,931	80,716	453,410
Disposal	(825)	(1,114)	-	(1,939)
At 31 December	339,938	30,817	80,716	451,471
Accumulated Depreciation				
Charge for the period	78,650	16,596	26,886	122,132
Disposal	(124)	(250)	-	(374)
At 31 December	78,526	16,347	26,886	121,759
Net book value at 31 December 2009	261,412	14,470	53,830	329,712

8 ACCOUNTS PAYABLE AND ACCRUALS

	31 December 2009
Employee related accruals	52,966
Other payables and accrued expenses	219,255
	272,221

9 SHARE CAPITAL

	31 December 2009
Authorised:	
100,000,000 ordinary shares of US\$ 1 each	100,000,000
Issued and fully paid up:	
33,250,000 ordinary shares of US\$ 1 each	33,250,000

The Company has only one class of equity shares and the holders of these shares have equal voting rights.

NOTES TO THE FINANCIAL STATEMENTS
for the period 13 August 2008 to 31 December 2009

US\$

10 INCOME FROM PLACEMENTS

	31 December 2009
Wakalah	872,539
Murabaha	298,201
Mudarabaha	210,268
	1,381,008

11 FEES AND COMMISSIONS

	31 December 2009
Marketing fees	925,580
Placement fees	7,500
	933,080

12 STAFF COST

	31 December 2009
Salaries and benefits	3,250,948
Social insurance expenses	266,745
Other staff expenses	31,681
	3,549,374

13 GENERAL AND ADMINISTRATIVE EXPENSES

	31 December 2009
Travel expenses	241,934
Rent	143,150
Foreign exchange loss	25,478
Legal & Professional fees	340,243
IT expenses	15,845
Communication	917,884
Utilities	69,634
Business expenses	404,062
Repair and maintenance	19,265
Others	27,077
	2,204,572

NOTES TO THE FINANCIAL STATEMENTS
for the period 13 August 2008 to 31 December 2009

US\$

14 PRE-INCORPORATION EXPENSES

	31 December 2009
Employee costs	303,183
Other expenses	207,208
	510,931

15 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Company makes estimates and assumptions that effect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Estimations

Impairment of AFS investments

Investments are evaluated for impairment on a basis described in accounting policy 3 (f) Each investment exposure is evaluated individually for impairment and is based upon management's best estimate of the present value of the cash flows that are expected to be received.

16 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include the significant shareholders and entities over which the Company and the shareholders exercise significant influence, directors and executive management of the Company.

There are no related party balances and transactions included in these financial statements except for compensation of key managerial personnel.

Compensation of key management personnel

Key management personnel of the Company comprise of the Board of Directors and key members of management having authority and responsibility for planning, directing and controlling the activities of the Company. The key management personnel compensation during the period is as follows:

	2009
Board member fees	15,000
Board remuneration	2,550
Salaries and other short-term benefits	320,794

NOTES TO THE FINANCIAL STATEMENTS
for the period 13 August 2008 to 31 December 2009

US\$

17 SHARI'A SUPERVISORY BOARD

The Company has a Shari'a Supervisory Board, which reviews the Company's compliance with general Shari'a principles and specific fatwas, rulings and guidelines issued. Their review includes examination of evidence relating to the documentation and procedures adopted by the Company to ensure that its activities are conducted in accordance with Islamic Shari'a principles.

18 ZAKAH

Zakah is directly borne by the shareholders on distributed profits. The Company currently does not collect or pay Zakah on behalf of its shareholders and investors of managed assets. Zakah payable by the shareholders is computed by the Company on the basis of the method prescribed by the Company's Shari'a Supervisory Board and notified to shareholders annually. Zakah payable by the shareholders for the period ended 31 December 2009 is 3.65% of total equity.

19 SEGMENT REPORTING

A segment is a distinguishable component of the Company that is engaged either in providing products or services (business segment) or in providing products or services within a particular environment (geographical segment), which is subject to risks and rewards that are different from those of other segment. The Company only operates in one primary segment of fund administration.

20 MATURITY PROFILE

The maturity profile of placements with and from financial institutions have been presented using their contractual maturity period. For other balances, maturity profile is based on expected cash flows/ settlement profile of the respective assets and liabilities.

2009	Up to 3 months	3 months to 1 year	1 to 3 years	Total
Assets				
Cash and bank balances	1,450,900	-	-	1,450,900
Wakalah placements	4,706,092	-	-	4,706,092
Mudaraba placements	3,938,240	-	-	3,938,240
Murabaha receivables	6,234,865	-	-	6,234,865
Available-for-sale investments	-	-	4,043,639	4,043,639
Held-for-sale investments	-	8,406,000	-	8,406,000
Other assets	337,486	-	-	337,486
Equipment	-	-	329,712	329,712
Total assets	16,667,583	8,406,000	4,373,351	29,446,934
Liabilities				
Other liabilities	272,221	-	-	272,221
Total liabilities	272,221	-	-	272,221

NOTES TO THE FINANCIAL STATEMENTS
for the period 13 August 2008 to 31 December 2009

US\$

21 CONCENTRATION OF ASSETS AND LIABILITIES**(a) Industry sector**

2009	Banks and financial institutions	Government	Unquoted technology company	Others	Total
Assets					
Cash and bank balances	1,450,900	-	-	-	1,450,900
Wakalah placements	4,706,092	-	-	-	4,706,092
Mudaraba placements	3,938,240	-	-	-	3,938,240
Murabaha receivables	6,234,865	-	-	-	6,234,865
Available-for-sale investments	1,295,634	1,589,871	-	1,158,134	4,043,639
Held-for-sale investments	-	-	8,406,000	-	8,406,000
Other assets	-	-	-	337,486	337,486
Equipment	-	-	-	329,712	329,712
Total assets	17,625,731	1,589,871	8,406,000	1,825,332	29,446,934
Liabilities					
Other liabilities	-	-	-	272,221	272,221
Total liabilities	-	-	-	272,221	272,221

(b) Geographic sector

Concentration by location for Investments is measured based on the location of the underlying assets, the Company's exposure is limited to the GCC.

22 FAIR VALUE

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

The fair value of the financial assets and liabilities of the Company are not materially different from their carrying values.

23 RISK MANAGEMENT**Introduction and overview**

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- foreign exchange risk
- market risk

NOTES TO THE FINANCIAL STATEMENTS
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23 *Risk management (continued)*

This note presents information about the Company's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has established the Investment Committee and Management Committee, which are responsible for developing and monitoring risk management policies in their specified areas.

The Management Committee is responsible for monitoring compliance with the Company's risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Company.

The Company's exposure to risks and its approach to managing these risks are discussed below.

a) Credit risk

Credit risk is the risk that a counterparty to a financial transaction does not discharge its obligations on due dates and cause the other party to incur a financial loss. For risk management reporting purposes, the Company considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

The Company's maximum exposure to credit risk at 31 December 2009 was as follows:

	31 December 2009
Cash and cash equivalents	1,450,900
Placements with financial and other institutions	14,879,197
AFS securities	4,043,639
Other assets	337,486
Maximum exposure to credit risk	20,711,222

The Company's credit risk on placements with financial institutions and others is limited as these are placed with financial and other institutions of good standing in the GCC. The investments have been evaluated on a case-by-case basis and management has assessed that the exposures are currently performing and not impaired.

Impaired receivables

Impaired receivables are those for which the Company determines that it is probable that it will be unable to collect all payments due according to the contractual terms of the receivables agreement(s).

b) Currency risk

The Company is not exposed to significant currency risks as all of the transactions are either in US dollars or in currencies which are pegged to the US dollar.

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23 *Risk management (continued)*

c) Liquidity risk

Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due without risking damage to the Company's reputation. The maturity profile of assets and liabilities is set out in note 20. The Company maintains a healthy balance of liquid assets to meet liabilities when they fall due.

d) Profit rate risk

Profit rate risk arises due to different timing of re-pricing of the Company's assets and liabilities. The Company's profit rate sensitive assets are mainly placements with financial institutions and others. Profit rate risk is limited as these are short term in nature.

The average annualised profit rates earned on financial assets were as follows:

	31 December 2009
Wakalah placements	3.65%
Mudaraba placements	4.5%
Murabaha receivables	4.5%

e) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as the return on equity, and the level of dividends.

The Company's regulatory capital position at 31 December was as follows:

	31 December 2009
Total risk weighted assets	11,083,566
Tier 1 capital	29,390,386
Tier 2 capital	-
Total regulatory capital	29,390,386
Total regulatory capital expressed as a percentage of total risk weighted assets (%)	265

The Company has complied with all externally imposed capital requirements throughout the period.

Capital allocation

The allocation of capital between specific operations and activities is primarily driven by regulatory requirements. The Company's capital management policy seeks to maximise return on risk adjusted while satisfying all the regulatory requirements.

NOTES TO THE FINANCIAL STATEMENTS
for the period 13 August 2008 to 31 December 2009**US\$****24 NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET ADOPTED**

The following standards and interpretations have been issued by standard setters during 2009 and are mandatory for the Company's accounting for annual periods beginning on or after 1 July 2009 or later periods and are expected to be relevant to the Company:

a) Financial Accounting Standards issued by AAOIFI

- FAS 23 Consolidation (effective for annual periods beginning on or after 1 January 2010); and
- FAS 24 Investment in Associates (effective for annual periods beginning on or after 1 January 2010)

The adoption of these standards is not expected to have a material impact on the financial statements.