

MAKASEB ARAB TIGERS FUND
MANAMA
KINGDOM OF BAHRAIN

CONDENSED INTERIM
FINANCIAL INFORMATION
FOR THE PERIOD ENDED
JUNE 30, 2011

MAKASEB ARAB TIGERS FUND
MANAMA – KINGDOM OF BAHRAIN

<u>Chairman</u>	Mr. Nabeel Waheed
<u>Directors</u>	Mr. Ali Raza Khan Mr. Denis Sabourin Mr. John Iossifidis
<u>Registered Office</u>	Flat 141, Building 3, Road 365, Block 316, Manama, Kingdom of Bahrain.
<u>Bankers</u>	Mashreqbank psc. Dubai, U.A.E. HSBC Bank SABB Bank National Bank of Abu Dhabi
<u>Funds Company</u>	Makaseb Funds Company B.S.C. (c)
<u>Investment Manager</u>	Mashreqbank psc. Dubai, U.A.E.
<u>Administrator & Custodian</u>	HSBC Bank Middle East Limited
<u>Auditor</u>	Deloitte & Touche, P.O. Box 421, Manama, Kingdom of Bahrain.

MAKASEB ARAB TIGERS FUND
MANAMA – KINGDOM OF BAHRAIN

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REVIEW REPORT TO THE UNITHOLDERS

Makaseb Arab Tigers Fund,
Manama,
Kingdom of Bahrain

Introduction

We have reviewed the accompanying condensed statement of financial position of Makaseb Arab Tigers Fund, (“the Fund”), as at June 30, 2011, and the related condensed statement of comprehensive income, condensed statement of changes in net assets and condensed statement of cash flows for the six-month period then ended. Management is responsible for the preparation and fair presentation of this condensed interim financial information in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

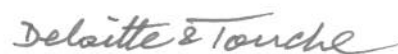
Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with IAS 34.

Emphasis of Matter

We draw attention to Note 5 (c) to the condensed interim financial information. The financial assets at fair value through profit or loss include investments in listed securities which, according to the Investment Manager, provides the Fund with the opportunity to enhance the return on the investments through trading gains. The fair values of these securities are based on quoted market prices. Certain markets and securities may be illiquid and indicative market prices may not necessarily represent realisable value.

Our conclusion is not qualified in respect of this matter.

Manama – Kingdom of Bahrain
August 25, 2011


Deloitte & Touche

MAKASEB ARAB TIGERS FUND
MANAMA – KINGDOM OF BAHRAIN

CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT JUNE 30, 2011

	Notes	June 30, 2011 USD	December 31, 2010 USD (Audited)
Assets			
Current assets			
Cash at banks	6.3	4,155,510	2,560,239
Financial assets at fair value through profit or loss	5	30,309,966	31,279,753
Other assets		2,717	76,707
Total assets		34,468,193	33,916,699
Liabilities			
Current liabilities			
Accrued fees and other payables		18,645	20,196
Due to a related party	6.3	170,240	311,485
Total liabilities		188,885	331,681
Net assets attributable to holders of redeemable units		34,279,308	33,585,018
Analysis of net assets			
Capital		51,790,843	52,014,795
Net realised loss		(21,614,409)	(22,887,320)
Change in fair value of financial assets at fair value through profit or loss	5	4,102,874	4,457,543
Net assets attributable to holders of redeemable units		34,279,308	33,585,018
Number of units		4,271,901	4,300,935
Net asset value per unit		8.02437	7.80877

The condensed interim financial information was approved and authorised for issue by the Directors on August 25, 2011 and signed on their behalf by:



Director

The attached notes form part of this condensed interim financial information.

MAKASEB ARAB TIGERS FUND
MANAMA – KINGDOM OF BAHRAIN

CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2011

	<u>Note</u>	<u>Six-Month Period</u> <u>Ended June 30,</u>	
		<u>2011</u>	<u>2010</u>
		<u>USD</u>	<u>USD</u>
Revenue			
Dividend income		1,008,771	1,057,361
Net realised gain / (loss) on financial assets at fair value through profit or loss		680,161	(1,406,843)
Net unrealised (loss) / gain on financial assets at fair value through profit or loss		(354,669)	1,976,041
Net foreign currency loss		(32,371)	(426,094)
Other operating income		31,498	2,215
		-----	-----
Total operating income		1,333,390	1,202,680
		-----	-----
Expenses			
Management fees	6	(331,915)	(329,891)
Administrative fees		(33,191)	(32,989)
Custody fees		(33,191)	(36,703)
Transaction fees		(2,700)	(3,900)
Registrar and transfer agent fees		(5,919)	(5,919)
Professional fees		(4,979)	(4,209)
Other expenses		(3,253)	(13,462)
		-----	-----
Total operating expense		(415,148)	(427,073)
		-----	-----
Profit for the period		918,242	775,607
		-----	-----
Increase in net assets attributable to holders of redeemable units		918,242	775,607
		=====	=====

The attached notes form part of this condensed interim financial information.

MAKASEB ARAB TIGERS FUND
MANAMA – KINGDOM OF BAHRAIN

CONDENSED STATEMENT OF CHANGES IN NET ASSETS (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2011

	<u>Six-Month Period Ended</u>	
	<u>June 30,</u>	<u>June 30,</u>
	<u>2011</u>	<u>2010</u>
	<u>USD</u>	<u>USD</u>
Net assets attributable to holders of redeemable units at the beginning of period	33,585,018	32,175,088
Issue of redeemable units	-	6,897
Redemption of redeemable units	(223,952)	(1,136,623)
Increase in net assets attributable to holders of redeemable units	918,242	775,607
	-----	-----
Net assets attributable to holders of redeemable units at the end of period	<u><u>34,279,308</u></u>	<u><u>31,820,969</u></u>

The attached notes form part of this condensed interim financial information.

MAKASEB ARAB TIGERS FUND
MANAMA – KINGDOM OF BAHRAIN

CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2011

	<u>Six-Month Period</u>	
	<u>Ended June 30,</u>	
	<u>2011</u>	<u>2010</u>
	<u>USD</u>	<u>USD</u>
Cash flows from operating activities		
Increase in net assets attributable to holders of redeemable units	918,242	775,607
Adjustments for:		
Net gain on financial assets at fair value through profit or loss	(325,492)	(569,198)
Dividend income	(1,008,771)	(1,057,361)
Interest income	(31,445)	(1,698)
	-----	-----
	(447,466)	(852,650)
Changes in operating assets and liabilities:		
Decrease / (increase) in other assets	73,990	(2,675)
Decrease in accrued fees and other payables	(1,551)	(5,128)
Decrease in due to a related party	(141,245)	(2,663)
	-----	-----
	(516,272)	(863,116)
Purchase of financial assets at fair value through profit or loss	(12,100,693)	(19,059,935)
Proceeds from disposal of financial assets at fair value		
through profit or loss	13,395,972	19,801,686
Dividend received	1,008,771	1,057,361
Interest received	31,445	1,698
	-----	-----
Net cash from operating activities	1,819,223	937,694
	-----	-----
Cash flows from financing activities		
Proceeds from issue of redeemable units	-	6,897
Payments on redemption of redeemable units	(223,952)	(1,136,623)
	-----	-----
Net cash used in financing activities	(223,952)	(1,129,726)
	-----	-----
Net increase / (decrease) in cash and cash equivalents	1,595,271	(192,032)
Cash and cash equivalents at the beginning of the period	2,560,239	8,702,850
	-----	-----
Cash and cash equivalents at the end of the period	4,155,510	8,510,818
	=====	=====
Comprising:		
Cash at banks	4,155,510	8,510,818
	=====	=====

The attached notes form part of this condensed interim financial information.

MAKASEB ARAB TIGERS FUND
MANAMA – KINGDOM OF BAHRAIN

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2011

1. **STATUS AND ACTIVITIES:**

Makaseb Arab Tigers Fund (“the Fund”) is an open-ended investment fund established by Makaseb Funds Company B.S.C. (c) (“the Fund Company”). The Fund is a collective investment scheme established pursuant to the Central Bank of Bahrain (“CBB”) regulations for the operation and marketing of collective investment schemes issued by CBB, Circular Number OG/356/92 of November 8, 1992 and subsequent supplementary circulars. The Fund Company is registered at the Ministry of Industry & Commerce. The Fund is authorised and approved by the CBB as a Retail Collective Investment Undertaking (CIU). It is established for a period of 25 years by the Fund Company. The life of the Fund can be extended by the Fund Company at the end of the 25th year.

The Fund was launched on November 22, 2005 and is denominated in US dollars. The objective of the Fund is to achieve long term capital appreciation through investments primarily in equities listed on the stock exchanges of the Middle East and North Africa region. The Fund’s investment policies are more fully defined in its Prospectus.

The Fund is managed by Mashreqbank psc (“the Investment Manager”) a bank incorporated in the United Arab Emirates. The Fund is administered by HSBC Bank Middle East Limited, Bahrain (“the Administrator”) who is also the custodian (“the Custodian”). The Fund Company is approved by the CBB and incorporated as a Bahrain Joint Stock Company with Commercial Registration Number 55378 and has been established to act as an umbrella vehicle for the Funds including this Fund.

The financial statements represent the assets, liabilities and operations of the Fund only.

The Fund does not have any employees, however, it uses the services of an Investment Manager, an Administrator and a Custodian for the fund management, administration and custody functions.

2. **BASIS OF PREPARATION:**

The condensed interim financial information has been prepared using accounting policies consistent with International Financial Reporting Standards and in accordance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting”.

The condensed interim financial information does not contain all information and disclosures required for full financial statements prepared in accordance with the International Financial Reporting Standards. For more details, please refer to the audited financial statements for the year ended December 31, 2010.

In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Operating results for the period are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2011.

MAKASEB ARAB TIGERS FUND
MANAMA – KINGDOM OF BAHRAIN

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2011

3. **SIGNIFICANT ACCOUNTING POLICIES:**

The condensed interim financial information has been prepared under the historical cost convention.

The same accounting policies, presentation and methods of computation are followed in this condensed interim financial information as were applied in the preparation of the Company's financial statements for the year ended December 31, 2010.

Standards affecting the disclosures and presentation in the current period

None of the revised Standards that have been adopted in the current period which are effective for annual periods beginning on or after January 1, 2011 have affected the disclosures and presentations in the financial information.

4. **JUDGEMENTS AND ESTIMATES:**

The preparation of the condensed interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed interim financial information, the significant judgements made by management in applying the Fund's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the financial statements as at and for the year ended December 31, 2010.

MAKASEB ARAB TIGERS FUND
MANAMA – KINGDOM OF BAHRAIN

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2011

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS:

(a) This caption is composed of the following:

	<u>June 30,</u> <u>2011</u> <u>USD</u>	<u>December 31,</u> <u>2010</u> <u>USD</u> <u>(Audited)</u>
Listed shares	30,309,966	23,362,278
Listed bond	-	2,917,475
	----- 30,309,966 =====	----- 31,279,753 =====

(b) The analysis of investments by industry sector is as follows:

June 30, 2011

Listed shares	<u>Cost</u> <u>USD</u>	<u>Fair value</u> <u>USD</u>	<u>Change in Fair</u> <u>value</u> <u>USD</u>
AED - Industrial	1,653,389	1,315,546	(337,843)
- Financials	682,427	854,547	172,120
	----- 2,335,816	----- 2,170,093	----- (165,723)
EGP - Telecommunication	347,762	314,174	(33,588)
QAR - Industrial	607,931	571,193	(36,738)
- Financials	3,231,771	3,343,601	111,830
- Telecommunication	2,626,196	2,909,383	283,187
- Oil & Gas	522,506	968,659	446,153
- Utilities	1,055,180	1,651,758	596,578
	----- 8,043,584	----- 9,444,594	----- 1,401,010
SAR - Industrial	1,160,408	1,273,250	112,842
- Financials	3,632,612	3,769,696	137,084
- Telecommunication	2,501,132	2,974,960	473,828
- Basic Material	1,030,375	1,450,647	420,272
- Consumer Goods	3,145,773	3,269,383	123,610
- Consumer Services	4,009,630	5,643,169	1,633,539
	----- 15,479,930	----- 18,381,105	----- 2,901,175
	----- 26,207,092 =====	----- 30,309,966 =====	----- 4,102,874 =====

MAKASEB ARAB TIGERS FUND
MANAMA – KINGDOM OF BAHRAIN

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2011

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS:
(CONTINUED)

December 31, 2010 (Audited)

Listed shares	<u>Cost</u> <u>USD</u>	<u>Fair value</u> <u>USD</u>	<u>Change in Fair</u> <u>value</u> <u>USD</u>
AED - Financials	1,320,422	1,289,409	(31,013)
- Real Estate	1,653,389	1,524,639	(128,750)
	-----	-----	-----
	2,973,811	2,814,048	(159,763)
	-----	-----	-----
QAR - Insurance	1,556,529	1,922,151	365,622
- Industrial	522,506	731,193	208,687
- Services	2,772,988	3,457,993	685,005
	-----	-----	-----
	4,852,023	6,111,337	1,259,314
	-----	-----	-----
SAR - Industrial	1,030,375	1,159,923	129,548
- Food	5,187,692	6,940,542	1,752,850
- Services	4,866,469	5,893,146	1,026,677
- Other	1,317,754	1,686,789	369,035
	-----	-----	-----
	12,402,290	15,680,400	3,278,110
	-----	-----	-----
OMR - Industrial	1,524,346	1,696,753	172,407
- Services	1,873,840	2,059,740	185,900
	-----	-----	-----
	3,398,186	3,756,493	358,307
	-----	-----	-----
	23,626,310	28,362,278	4,735,968
	-----	-----	-----
Listed bond			
USD - Other	3,195,900	2,917,475	(278,425)
	-----	-----	-----
	26,822,210	31,279,753	4,457,543
	=====	=====	=====

- (c) Investments in listed shares and bond are classified as financial assets at fair value through profit or loss. These securities provide the Fund with the opportunity to enhance the return on investments through trading gains. The fair values of these securities are based on market prices, which may not necessarily represent realisable value because of market illiquidity.

MAKASEB ARAB TIGERS FUND
MANAMA – KINGDOM OF BAHRAIN

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2011

6. **RELATED PARTY TRANSACTIONS:**

The immediate parent and ultimate controlling party is Mashreqbank psc, incorporated in United Arab Emirates.

Transactions with companies in which the Investment Manager and its ultimate parent company, Mashreqbank psc have substantial or controlling interest and transactions with key management personnel of the Fund are classified as transactions with related parties. These transactions are approved by the Directors.

6.1 **Transactions**

During the period, the Fund entered into the following transactions with related parties:

<u>Related Party</u>	<u>Nature of Transaction</u>	<u>Amount earned / (incurred)</u>	
		<u>Six-month period ended June 30,</u>	
		<u>2011</u>	<u>2010</u>
		<u>USD</u>	<u>USD</u>
Mashreqbank psc, Dubai	Management fees	(331,915)	(329,891)

6.2 **Subscription**

During the period Mashreqbank psc, Dubai had redeemed USD 17,915.31 representing 2,498 units and had no subscriptions. The related redemption fee was USD 746.47. During the prior period, Mashreqbank psc, Dubai had invested USD 6,896.50 representing 887.112 units and had no redemptions.

6.3 **Balances with related parties**

	<u>June 30,</u>	<u>December 31,</u>
	<u>2011</u>	<u>2010</u>
	<u>USD</u>	<u>USD</u>
		<u>(Audited)</u>
<u>Amounts due from:</u>		
Mashreqbank psc, Dubai	14,536	1,597
<u>Amounts due to:</u>		
Mashreqbank psc, Dubai	170,240	311,485

- (a) Amount due from a related party consists of cash held in a current account with Mashreqbank psc.
- (b) Amount due to a related party consist of management fee and redemption payable. Management fee payable was USD 170,240 (December 31, 2010: USD 169,485). Prior year balance includes the payable of USD 142,000 in respect of redemption of units.

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NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
(UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2011

6. **RELATED PARTY TRANSACTIONS: (CONTINUED)**

6.4 The following related parties owned units in the Fund:

<u>Related Party</u>	<u>Nature of Relationship</u>	<u>Number of Units Held as at</u>	
		<u>June 30,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>
Abdul Aziz Al Ghurair	CEO of Mashreqbank psc	2,171,927.40	2,171,927.40
Mashreqbank psc	Investment Manager of the Fund	441,652.71	444,150.71

7. **FAIR VALUE OF FINANCIAL INSTRUMENTS:**

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction. Consequently, differences may arise between the carrying values and the fair value estimates.

The Directors believe that the fair values of financial instruments carried at amortised cost are not significantly different from the carrying values included in the condensed interim financial information.

7.1 **Fair value measurements recognised in the statement of financial position**

Financial instruments are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All financial assets at FVTPL are grouped within Level 1. There are no financial assets categorised as "available-for-sale" as at the reporting date.

There are no financial liabilities at FVTPL at the reporting date. Further, there were no transfers between Level 1, Level 2 and Level 3 during the period.