

MAKASEB QATAR EQUITY FUND
MANAMA
KINGDOM OF BAHRAIN

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

MAKASEB QATAR EQUITY FUND
MANAMA – KINGDOM OF BAHRAIN

Chairman

Mr. Nabeel Waheed

Directors

Mr. John Iossifidis
Mr. Ali Raza Khan
Mr. Denis Sabourin

Registered Office

Flat 141, Building 3,
Road 365, Block 316,
Manama,
Kingdom of Bahrain.

Bankers

Mashreqbank psc. Dubai, U.A.E.
Citibank, Luxembourg

Funds Company

Makaseb Funds Company B.S.C. (c)

Investment Manager

Mashreqbank psc. Dubai, U.A.E.

Administrator & Custodian

Citibank N.A., Bahrain

Auditor

Deloitte & Touche,
P.O. Box 421,
Manama,
Kingdom of Bahrain.

MAKASEB QATAR EQUITY FUND
MANAMA – KINGDOM OF BAHRAIN

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REVIEW REPORT TO THE UNIT HOLDERS

Makaseb Qatar Equity Fund,
Manama,
Kingdom of Bahrain

Introduction

We have reviewed the accompanying condensed statement of financial position of Makaseb Qatar Equity 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 (b) to the condensed interim financial information. The financial assets at fair value through profit or loss represent investments in listed securities which, according to the Investment Manager, provide the Fund with the opportunity to enhance the return on 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 QATAR EQUITY 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 bank		1,845,332	1,334,054
Financial assets at fair value through profit or loss	5	7,973,594	9,449,991
Prepayment		2,837	-
Total assets		9,821,763	10,784,045
Liabilities			
Current liabilities			
Bank overdraft	6.3	-	1,019
Accrued expenses and other payables		26,181	36,395
Due to a related party	6.3	49,363	54,747
Total liabilities		75,545	92,161
Net assets attributable to holders of redeemable units		9,746,218	10,691,884
Analysis of net assets			
Capital		20,922,838	22,310,382
Net realised loss		(12,099,060)	(12,518,582)
Change in fair value of financial assets at fair value through profit or loss	5	922,440	900,084
Net assets attributable to holders of redeemable units		9,746,218	10,691,884
Number of units		1,226,073	1,408,235
Net asset value per unit		7.94913	7.59240

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 QATAR EQUITY FUND
MANAMA – KINGDOM OF BAHRAIN

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

	<u>Notes</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		549,653	583,457
Interest income		11,006	-
Net realised gain / (loss) on financial assets at fair value through profit or loss		38,900	(714,481)
Net unrealised gain on financial assets at fair value through profit or loss		22,356	901,026
		-----	-----
Total operating income		621,915	770,002
		-----	-----
Expenses			
Management fees	6.1	(102,542)	(111,471)
Administration fees		(36,563)	(35,704)
Custody fees		(12,010)	(13,946)
Transaction fees		(2,547)	(1,710)
Registrar and transfer agent fees		(6,378)	(6,145)
Professional fees		(5,782)	(4,210)
Other expenses		(11,430)	(13,968)
		-----	-----
Total operating expenses		(177,252)	(187,154)
		-----	-----
Operating profit		444,663	582,848
		-----	-----
Finance cost	6.1	(2,785)	(635)
		-----	-----
Profit for the period		441,878	582,213
		-----	-----
Increase in net assets attributable to holders of redeemable units		441,878	582,213
		=====	=====

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

MAKASEB QATAR EQUITY FUND
MANAMA – KINGDOM OF BAHRAIN

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

	<u>Six-Month period</u> <u>ended June 30,</u>	
	<u>2011</u> <u>USD</u>	<u>2010</u> <u>USD</u>
Net assets attributable to holders of redeemable units at the beginning of period	10,691,884	10,911,629
Issue of redeemable units	150,000	493,827
Redemption of redeemable units	(1,537,544)	(974,568)
Increase in net assets attributable to holders of redeemable units	441,878	582,213
	-----	-----
Net assets attributable to holders of redeemable units at the end of period	<u><u>9,746,218</u></u>	<u><u>11,013,101</u></u> ✓

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

MAKASEB QATAR EQUITY 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	441,878	582,213
Adjustments for:		
Net gain on financial assets at fair value through profit or loss	(61,256)	(186,545)
Dividend income	(549,653)	(583,457)
Interest income	(11,006)	-
Interest expense	2,785	635
	-----	-----
	(177,252)	(187,154)
Changes in operating assets and liabilities:		
Increase in prepayment	(2,837)	-
(Decrease) / increase in accrued expenses and other payables	(10,213)	5,812
Decrease in due to a related party	(5,384)	(571)
	-----	-----
	(195,686)	(181,913)
Purchase of financial assets at fair value through profit or loss	(3,822,647)	(3,835,686)
Proceeds from disposal of financial assets at fair value		
through profit or loss	5,360,300	5,303,106
Dividend received	549,653	583,457
Interest received	11,006	-
	-----	-----
Net cash from operating activities	1,902,626	1,868,964
	-----	-----
Cash flows from financing activities		
Proceeds from issue of redeemable units	150,000	493,827
Payments on redemption of redeemable units	(1,537,544)	(974,568)
Interest paid	(2,785)	(635)
	-----	-----
Net cash used in financing activities	(1,390,329)	(481,376)
	-----	-----
Net increase in cash and cash equivalents	512,297	1,387,588
Cash and cash equivalents at the beginning of the period	1,333,035	425,508
	-----	-----
Cash and cash equivalents at the end of the period	1,845,332	1,813,096
	=====	=====
Comprising:		
Cash at banks	1,845,332	1,813,096
	=====	=====

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

MAKASEB QATAR EQUITY 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 Qatar Equity 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 an Expert 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 June 22, 2005 and is denominated in US Dollars. The objective of the Fund is to achieve long term capital growth by investing primarily in Qatari equities listed on the Doha Securities Market. 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 Citibank N.A., Bahrain (“Citibank” or “the Administrator”) who is also the custodian (“the Custodian”). The Fund Company is approved by the CBB and incorporated as a Bahrain Closed Joint Stock Company with Commercial Registration Number 55378 and has been established to act as an umbrella vehicle for the 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 QATAR EQUITY FUND
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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 except for the valuation of investment securities.

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 Fund'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.

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

- (a) This caption is composed of the investment in shares and 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</u> <u>Fair value</u> <u>USD</u>
QAR - Banking	2,389,818	2,447,067	57,249
- Industrial	1,631,778	2,017,800	386,022
- Services	2,024,139	2,408,766	384,627
- Insurance	1,005,419	1,099,961	94,542
	-----	-----	-----
	<u>7,051,154</u>	<u>7,973,594</u>	<u>922,440</u>

MAKASEB QATAR EQUITY FUND
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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</u> <u>Fair value</u> <u>USD</u>
QAR - Banking	3,104,496	3,168,610	64,114
- Industrial	966,781	1,413,368	446,587
- Services	3,585,176	3,794,343	209,167
- Insurance	893,454	1,073,670	180,216
	<u>8,549,907</u>	<u>9,449,991</u>	<u>900,084</u>

- (b) Investments in listed shares 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 value of these securities is based on market prices, which may not necessarily represent realisable value because of market illiquidity.

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>USD</u>	<u>2010</u> <u>USD</u>
Mashreqbank psc, Dubai	Management fees	(102,542)	(111,471)
Mashreqbank psc, Dubai	Interest expense	(2,785)	(635)

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

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

6.2 **Subscription**

During the period and corresponding prior period Mashreqbank psc, Dubai neither subscribed nor redeemed units in the Fund.

6.3 **Balance with a related party**

	<u>June 30,</u> <u>2011</u> <u>USD</u>	<u>December 31,</u> <u>2010</u> <u>USD</u> <u>(Audited)</u>
<u>Amounts due to:</u>		
Mashreqbank psc, Dubai	49,363	54,747

6.4 **Borrowings**

	<u>June 30,</u> <u>2011</u> <u>USD</u>	<u>December 31,</u> <u>2010</u> <u>USD</u> <u>(Audited)</u>
Bank overdraft with Mashreqbank psc, Dubai	-	1,019

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 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).

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

7. FAIR VALUE OF FINANCIAL INSTRUMENTS: (CONTINUED)

7.1 Fair value measurements recognised in the statement of financial position (Continued)

- 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.