

**MAKASEB ARAB TIGERS FUND**  
**MANAMA**  
**KINGDOM OF BAHRAIN**

**CONDENSED INTERIM FINANCIAL**  
**INFORMATION FOR**  
**THE PERIOD ENDED JUNE 30, 2008**

**MAKASEB ARAB TIGERS FUND**  
**MANAMA – KINGDOM OF BAHRAIN**

<u>Chairman</u>	Mr. Nabeel Waheed
<u>Directors</u>	Mr. Omar Bouhadiba Mr. Ali Raza Khan Mr. Kantic Dasgupta
<u>Registered Office</u>	Flat 141, Building 3, Road 365, Block 316, Manama, Kingdom of Bahrain.
<u>Banker</u>	Mashreqbank psc. Dubai, U.A.E.
<u>Funds Company</u>	Makaseb Funds Company B.S.C. (c)
<u>Fund Manager</u>	Mashreqbank psc. Dubai, U.A.E.
<u>Administrator &amp; Custodian</u>	Gulf Investment Corporation, Kuwait
<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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BH 99-8-12

## REVIEW REPORT OF INTERIM FINANCIAL INFORMATION

Makaseb Arab Tigers Fund,  
Manama,  
Kingdom of Bahrain

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### *Introduction*

We have reviewed the accompanying condensed statement of assets and liabilities of Makaseb Arab Tigers Fund, ("the Fund"), as at June 30, 2008, and the related condensed statement of operations, condensed statement of changes in net assets and condensed cash flow statement for the six-month period then ended. This condensed interim financial information is the responsibility of the Fund's management. Our responsibility is to issue a report on this condensed 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 presented fairly, in all material respects, in accordance with IAS 34, interim financial reporting.

Without qualifying our report we draw attention to the Condensed Interim Financial Information. The securities designated at fair value through profit or loss represent investments in listed securities, which present the Fund with the opportunity for return through trading gains. The fair value of these securities are based on quoted market prices. Certain markets and securities may be illiquid and indicative market prices may not necessarily represent realizable value.

Manama – Kingdom of Bahrain  
August 7, 2008

Audit • Tax • Consulting • Financial Advisory.



Deloitte & Touche


Member of  
Deloitte Touche Tohmatsu

**MAKASEB ARAB TIGERS FUND**  
**MANAMA – KINGDOM OF BAHRAIN**

**CONDENSED STATEMENT OF ASSETS AND LIABILITIES**  
**AS AT JUNE 30, 2008**  
**(Unaudited)**

	<u>Note</u>	<u>June 30,</u> <u>2008</u> <u>USD</u>	<u>December 31,</u> <u>2007</u> <u>USD</u> <u>(Audited)</u>
<b>ASSETS:</b>			
Cash at bank		7,452,848	1,165,110
Securities designated at fair value through profit or loss	5	52,123,313	20,224,487
Other assets		69,252	5,933
<b>Total Assets</b>		<b>59,645,413</b>	<b>21,395,530</b>
<b>LIABILITIES:</b>			
Bank overdraft		-	1,452,035
Accrued fees and other payables		316,800	101,927
Due to a related party		174,233	377,288
<b>Total Liabilities</b>		<b>491,033</b>	<b>1,931,250</b>
<b>Net Assets</b>		<b>59,154,380</b>	<b>19,464,280</b>
<b>ANALYSIS OF NET ASSETS:</b>			
Capital		56,159,903	16,130,973
Net realised loss		346,706	(547,754)
Change in fair value of securities designated at fair value through profit or loss	5	2,647,771	3,881,061
<b>Net Assets</b>		<b>59,154,380</b>	<b>19,464,280</b>
Net asset value per unit		12.37682	12.27912

The condensed interim financial information was approved by the Directors on August 7, 2008 and signed on their behalf by:

  
 Director

The attached notes 1 to 5 form part of this condensed interim financial information

**MAKASEB ARAB TIGERS FUND**  
**MANAMA – KINGDOM OF BAHRAIN**

**CONDENSED STATEMENT OF OPERATIONS**  
**FOR THE PERIOD ENDED JUNE 30, 2008**  
**(Unaudited)**

	<u>Six-Month</u> <u>Period Ended</u> <u>June 30, 2008</u> <u>USD</u>	<u>Six-Month</u> <u>Period Ended</u> <u>June 30, 2007</u> <u>USD</u> <u>(Not Reviewed)</u>
<b>INVESTMENT INCOME</b>		
Dividend income	358,279	533,368
Other operating income	189,323	10,320
	-----	-----
	547,602	543,688
	-----	-----
<b>Expenses</b>		
Management fees	279,158	214,955
Administrative fees	41,045	30,009
Custody fees	39,323	26,298
Transaction fees	8,160	5,970
Registrar fees	6,426	3,495
Professional fees	3,799	2,873
Interest expense	9,400	2,677
Other expenses, net	18,356	19,438
	-----	-----
Total Expenses	405,667	305,715
	-----	-----
<b>Investment gain-net</b>	141,935	237,973
Realised and unrealised gain or loss on securities designated at fair value through profit or loss:		
Net realized gain	752,525	1,611,556
Change in fair value	(1,233,290)	724,431
	-----	-----
Net (loss)/gain on securities	( 480,765)	2,335,987
	-----	-----
<b>Net (decrease)/increase in net assets resulting from operations</b>	<u>( 338,830)</u>	<u>2,573,960</u>

The attached notes 1 to 5 form part of this condensed interim financial information

**MAKASEB ARAB TIGERS FUND**  
**MANAMA – KINGDOM OF BAHRAIN**

**CONDENSED STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE PERIOD ENDED JUNE 30, 2008**  
(Unaudited)

	<u>Six-Month</u> <u>Period Ended</u> <u>June 30, 2008</u> <u>USD</u>	<u>Six-Month</u> <u>Period Ended</u> <u>June 30, 2007</u> <u>USD</u> <u>(Not Reviewed)</u>
<b>(Decrease) / Increase in net assets from operations</b>		
Investment gain – net	141,935	237,973
Net realised gain on securities	752,525	1,611,556
Change in fair value of securities	(1,233,290)	724,431
	-----	-----
Net (decrease)/increase in net assets resulting from operations	( 338,830)	2,573,960
Change in net assets from capital transactions	40,028,930	(6,677,045)
	-----	-----
Change in net assets	39,690,100	(4,103,085)
	-----	-----
Net assets at the beginning of the period	19,464,280	23,180,992
	-----	-----
Net assets at the end of the period	59,154,380	19,077,907
	=====	=====

The attached notes 1 to 5 form part of this condensed interim financial information

**MAKASEB ARAB TIGERS FUND**  
**MANAMA – KINGDOM OF BAHRAIN**

**CONDENSED CASH FLOW STATEMENT**  
**FOR THE PERIOD ENDED JUNE 30, 2008**  
**(Unaudited)**

	<u>Six-Month</u> <u>Period Ended</u> <u>June 30, 2008</u> <u>USD</u>	<u>Six-Month</u> <u>Period Ended</u> <u>June 30, 2007</u> <u>USD</u> (Not Reviewed)
Net (decrease) / increase in net assets resulting from operations	( 338,830)	2,573,960
Adjustment for:		
Net loss/(gain) on securities	480,765	(2,335,987)
Changes in operating assets and liabilities:		
Change in other assets	( 63,319)	(1,095,028)
Change in other liabilities	11,818	( 18,156)
<b>Net cash from / (used in) operating activities</b>	<b>90,434</b>	<b>( 875,211)</b>
<b>Cash flows from investing activities</b>		
Payments for purchase of securities	(157,119,847)	(9,236,337)
Proceeds from disposal of securities	124,740,256	12,758,751
<b>Net cash (used in) / from investing activities</b>	<b>(32,379,591)</b>	<b>3,522,414</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of units	43,353,418	2,060,898
Payments on redemption of units	(3,324,488)	(8,737,943)
<b>Net cash from / (used in) financing activities</b>	<b>40,028,930</b>	<b>(6,677,045)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>7,739,773</b>	<b>(4,029,842)</b>
Cash and cash equivalents at the beginning of the period	( 286,925)	3,416,455
<b>Cash and cash equivalents at the end of the period</b>	<b>7,452,848</b>	<b>(613,387)</b>
Comprising:		
Cash at bank	7,452,848	(613,387)
	<b>7,452,848</b>	<b>(613,387)</b>

The attached notes 1 to 5 form part of this condensed interim financial information

**MAKASEB ARAB TIGERS FUND**  
**MANAMA – KINGDOM OF BAHRAIN**

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE PERIOD ENDED JUNE 30, 2008**

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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 Funds 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 is registered at the Ministry of Industry & Commerce and is authorized and approved by the CBB. It is established for a period of 25 years by the Funds Company. The life of the Fund can be extended by the Funds Company at the end of the 25<sup>th</sup> 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 Gulf Investment Corporation gsc (“the Administrator”), a financial institution established under the auspices of the Gulf Corporation Council (GCC). The Funds Company is approved by the CBB and incorporated as a Bahrain Joint Stock Investment Company with Commercial Registration Number 55378 and has been established to act as an umbrella vehicle for funds including 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.

**MAKASEB ARAB TIGERS FUND**  
**MANAMA – KINGDOM OF BAHRAIN**

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE PERIOD ENDED JUNE 30, 2008**

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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.

3. **SIGNIFICANT ACCOUNTING POLICIES:**

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, 2007.

4. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY:**

In the application of the Fund's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

**Critical judgements in applying the Fund's accounting policies**

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the condensed interim financial information.

*Classification of investments*

Management has to decide upon acquisition of an investment whether it should be classified as held to maturity, available for sale or investments at fair value through profit or loss. For those deemed to be held to maturity, the Fund ensures that the requirements of IAS 39 are met and in particular the Fund has the intention and ability to hold these to maturity. The Fund classifies investments as carried at fair value through profit or loss if they are acquired primarily for the purpose of short term profit making. All other investments are classified as available for sale.

**MAKASEB ARAB TIGERS FUND**  
**MANAMA – KINGDOM OF BAHRAIN**

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE PERIOD ENDED JUNE 30, 2008**

4. **CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY: (CONTINUED)**

**Key sources of estimation uncertainty**

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year:

*Impairment of financial assets*

The Fund's management reviews periodically items classified as financial assets to assess whether a provision for impairment should be recorded in the statement of operations. Management estimates the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgement and uncertainty.

5. **SECURITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:**

This caption is composed of the following:

	<u>June 30, 2008</u>	<u>December 31,</u> <u>2007</u>
	<u>USD</u>	<u>USD</u>
Listed shares	52,123,313	20,143,615
Listed bonds	-	80,872
	-----	-----
	<u>52,123,313</u>	<u>20,224,487</u>

**MAKASEB ARAB TIGERS FUND**  
**MANAMA – KINGDOM OF BAHRAIN**

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE PERIOD ENDED JUNE 30, 2008**

**5. SECURITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS**  
**(CONTINUED):**

June 30, 2008

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>
AED - Real Estate	6,065,250	5,655,859	(409,391)
- Industrial	2,852,989	2,849,170	( 3,819)
- Services	4,786,509	4,726,744	( 59,765)
	-----	-----	-----
	13,704,748	13,231,773	(472,975)
	-----	-----	-----
EGP - Banking	1,647,186	1,790,496	143,310
- Investments	219,283	223,504	4,221
- Industrial	2,641,871	2,606,653	( 35,218)
- Services	3,209,933	2,788,272	(421,661)
	-----	-----	-----
	7,718,273	7,408,925	(309,348)
	-----	-----	-----
OMR - Banking	1,743,521	2,214,470	470,949
- Industrial	824,072	1,679,063	854,991
- Services	1,858,476	2,308,310	449,834
	-----	-----	-----
	4,426,069	6,201,843	1,775,774
	-----	-----	-----
QAR - Banking	1,089,790	1,008,309	( 81,481)
- Industrial	2,034,858	1,988,711	( 46,147)
	-----	-----	-----
	3,124,648	2,997,020	(127,628)
	-----	-----	-----
SAR - Banking	1,421,748	1,420,057	( 1,691)
- Industrial	3,667,197	4,540,515	873,318
- Services	4,554,019	4,680,270	126,251
- Food	6,130,272	7,109,855	979,583
	-----	-----	-----
	15,773,236	17,750,697	1,977,461
	-----	-----	-----

**MAKASEB ARAB TIGERS FUND**  
**MANAMA – KINGDOM OF BAHRAIN**

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE PERIOD ENDED JUNE 30, 2008**

5. **SECURITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS**  
**(CONTINUED):**

June 30, 2008

	<u>Cost</u> <u>USD</u>	<u>Fair value</u> <u>USD</u>	<u>Change in</u> <u>Fair value</u> <u>USD</u>
GBP - Industrial	2,627,492	2,882,161	254,669
KWD - Services	1,179,218	966,329	(212,889)
USD - Services	132,661	119,134	( 13,527)
CHF - Others	789,197	565,431	(223,766)
	<u>49,475,542</u>	<u>52,123,313</u>	<u>2,647,771</u>

December 31, 2007

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>
AED - Banking	509,587	590,798	81,211
- Industrial	415,837	614,718	198,881
- Real Estate	729,933	811,326	81,393
- Services	1,397,022	1,648,440	251,418
	<u>3,052,379</u>	<u>3,665,282</u>	<u>612,903</u>
EGP - Banking	1,122,800	1,585,278	462,478
- Industrial	585,688	863,940	278,252
- Investments	1,053,338	1,595,377	542,039
- Services	1,186,060	1,357,793	171,733
	<u>3,947,886</u>	<u>5,402,388</u>	<u>1,454,502</u>

**MAKASEB ARAB TIGERS FUND**  
**MANAMA – KINGDOM OF BAHRAIN**

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE PERIOD ENDED JUNE 30, 2008**

5. **SECURITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:**  
**(CONTINUED):**

	<u>Cost</u>	<u>Fair value</u>	<u>Change in</u>
	<u>USD</u>	<u>USD</u>	<u>Fair value</u>
			<u>USD</u>
KWD - Services	1,753,047	1,464,868	(288,179)
	-----	-----	-----
	1,753,047	1,464,868	(288,179)
	-----	-----	-----
OMR - Banking	996,133	1,648,124	651,991
- Industrial	486,775	833,977	347,202
- Services	149,948	174,026	24,078
	-----	-----	-----
	1,632,856	2,656,127	1,023,271
	-----	-----	-----
SAR - Banking	658,350	704,887	46,537
- Food	1,807,849	2,126,506	318,657
- Industrial	520,169	524,583	4,414
- Services	2,206,234	2,514,050	307,816
	-----	-----	-----
	5,192,602	5,870,026	677,424
	-----	-----	-----
GBP - Industrial	330,880	383,880	53,000
	-----	-----	-----
	330,880	383,880	53,000
	-----	-----	-----
USD - Banking	225,478	532,040	306,562
- Services	132,661	169,004	36,343
	-----	-----	-----
	358,139	701,044	342,905
	-----	-----	-----
Listed shares	16,267,789	20,143,615	3,875,826
Listed Bonds			
	<u>Maturity</u>	<u>Coupon</u>	
		<u>Rate</u>	
PCFC			
Development	January 23, 2008	Zero	
		75,637	80,872
		-----	-----
		16,343,426	20,224,487
		=====	=====
			3,881,061
			=====

**MAKASEB ARAB TIGERS FUND**  
**MANAMA – KINGDOM OF BAHRAIN**

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE PERIOD ENDED JUNE 30, 2008**

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5. **SECURITIES DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS:**  
**(CONTINUED):**

- (a) Investments in listed shares are classified as securities designated at fair value through profit or loss. These securities provide the Fund with the opportunity to enhance the return on investment 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.