

MAKASEB EMIRATES OPPORTUNITIES FUND
MANAMA
KINGDOM OF BAHRAIN

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

MAKASEB EMIRATES OPPORTUNITIES FUND
MANAMA – KINGDOM OF BAHRAIN

Chairman

Mr. Nabeel Waheed

Directors

Mr. Omar Bouhadiba
Mr. Ali Raza Khan
Mr. Kantic Dasgupta

Registered Office

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

Banker

Mashreqbank psc. Dubai, U.A.E.

Funds Company

Makaseb Funds Company B.S.C (C)

Fund Manager

Mashreqbank psc. Dubai, U.A.E.

Administrator & Custodian

Gulf Investment Corporation, Kuwait

Auditor

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

MAKASEB EMIRATES OPPORTUNITIES FUND
MANAMA – KINGDOM OF BAHRAIN

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BH 99-8-12

REVIEW REPORT OF INTERIM FINANCIAL INFORMATION

Makaseb Emirates Opportunities Fund,
Manama,
Kingdom of Bahrain

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Introduction

We have reviewed the accompanying condensed statement of assets and liabilities of Makaseb Emirates Opportunities 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

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Member of
Deloitte Touche Tohmatsu

MAKASEB EMIRATES OPPORTUNITIES 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</u> <u>31, 2007</u> <u>USD</u> <u>(Audited)</u>
ASSETS			
Cash at banks		211,069	2,576
Securities designated at fair value through profit or loss	5	6,494,817	11,007,088
Other receivables		38,225	-
Total Assets		6,744,111	11,009,664
LIABILITIES			
Bank overdraft		-	2,259,216
Accrued fees and charges		28,034	33,379
Due to a related party		37,699	41,927
Total Liabilities		65,733	2,334,522
Net Assets		6,678,378	8,675,142
ANAYSIS OF NET ASSETS			
Capital		11,012,886	13,527,258
Net realized loss		(5,003,730)	(6,755,893)
Change in fair value of securities designated at fair value through profit or loss	5	669,222	1,903,777
Net Assets		6,678,378	8,675,142
Net asset value per unit		8.25755	7.84730

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 EMIRATES OPPORTUNITIES 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</u> <u>Reviewed)</u>
INVESTMENT INCOME		
Dividend income	244,730	150,167
	-----	-----
	244,730	150,167
	-----	-----
EXPENSES		
Management fees	79,407	70,998
Administration fees	29,918	29,753
Custody fees	10,383	12,408
Transaction fees	9,060	7,200
Registrar fees	3,472	3,658
Professional fees	3,799	2,872
Interest expense	10,479	1,380
Other expenses, net	10,328	8,550
	-----	-----
Total Expenses	156,846	136,819
	-----	-----
Investment gain – net	87,884	13,348
	-----	-----
Realised and unrealised gain or loss on securities designated at fair value through profit or loss:		
Net realised gain/(loss)	1,664,279	(425,607)
Change in fair value	(1,234,555)	927,095
	-----	-----
Net gain on securities	429,724	501,488
	-----	-----
Net increase in net assets resulting from operations	517,608	514,836
	=====	=====

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

MAKASEB EMIRATES OPPORTUNITIES 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>
Increase in net assets from operations:		
Investment gain - net	87,884	13,348
Net realised gain/(loss) on securities	1,664,279	(425,607)
Change in fair value of securities	(1,234,555)	927,095
	-----	-----
Net increase in net assets resulting from operations	517,608	514,836
Change in net assets from capital share transactions	(2,514,372)	(604,912)
	-----	-----
Change in net assets	(1,996,764)	(90,076)
Net assets – beginning of period	8,675,142	7,472,132
	-----	-----
Net assets – end of period	<u><u>6,678,378</u></u>	<u><u>7,382,056</u></u>

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

MAKASEB EMIRATES OPPORTUNITIES 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> <u>(Not</u> <u>Reviewed)</u>
Net increase in net assets resulting from operations	517,608	514,836
Adjustments for:		
Net gain on securities	(429,724)	(501,488)
Changes in operating assets and liabilities:		
Change in other assets	(38,225)	-
Change in other liabilities	(9,573)	(2,096)
Net cash from operating activities	40,086	11,252
Cash flows from investing activities		
Payments for purchase of securities	(5,989,108)	(17,036,449)
Proceeds from disposal of securities	10,931,103	18,032,635
Net cash from investing activities	4,941,995	996,186
Cash flows from financing activities		
Proceeds from issue of units	-	5,771
Payments on redemption of units	(2,514,372)	(610,683)
Net cash used in financing activities	(2,514,372)	(604,912)
Net increase in cash and cash equivalents	2,467,709	402,526
Cash and cash equivalents at the beginning of the period	(2,256,640)	140,818
Cash and cash equivalents at the end of the period	211,069	543,344
Comprising:		
Cash at bank	211,069	543,344
	<u>211,069</u>	<u>543,344</u>

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

MAKASEB EMIRATES OPPORTUNITIES FUND
MANAMA – KINGDOM OF BAHRAIN

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

1. **STATUS AND ACTIVITIES:**

Makaseb Emirates Opportunities 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 25th year.

The Fund was launched on June 27, 2005 and is denominated in US dollars. The objective of the Fund is to achieve long term capital growth using a dynamic allocation strategy by investing primarily in U.A.E. equities listed on the Abu Dhabi Securities Market and the Dubai Financial 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 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 employees, however, it uses the services of an Investment Manager, an Administrator and a Custodian for the fund management, administration and custody functions.

MAKASEB EMIRATES OPPORTUNITIES FUND
MANAMA – KINGDOM OF BAHRAIN

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

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 EMIRATES OPPORTUNITIES 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:

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 – GIC Composite Index	595,364	557,446	(37,918)
- Others	3,769	3,458	(311)
- Industrial	1,282,200	1,795,038	512,838
- Services	3,199,305	3,444,321	245,016
- Investment	744,957	694,554	(50,403)
	-----	-----	-----
UAE Markets	5,825,595	6,494,817	669,222
	=====	=====	=====

MAKASEB EMIRATES OPPORTUNITIES 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)

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 - Real Estate	1,918,483	2,045,523	127,040
- Industrial	1,853,404	2,756,071	902,667
- Services	3,014,954	3,991,242	976,288
- Investment	2,058,299	1,824,121	(234,178)
	-----	-----	-----
UAE Markets	8,845,140	10,616,957	1,771,817
	-----	-----	-----
OMR - Industrial	258,171	390,131	131,960
	-----	-----	-----
Oman Market	258,171	390,131	131,960
	-----	-----	-----
	<u>9,103,311</u>	<u>11,007,088</u>	<u>1,903,777</u>

- (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.