

MAKASEB QATAR EQUITY FUND
MANAMA
KINGDOM OF BAHRAIN

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

MAKASEB QATAR EQUITY 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 & Custodian</u>	Gulf Investment Corporation, Kuwait
<u>Auditor</u>	Deloitte & Touche, P.O. Box 421, Manama, Kingdom of Bahrain.

MAKASEB QATAR EQUITY FUND
MANAMA – KINGDOM OF BAHRAIN

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REVIEW REPORT OF INTERIM FINANCIAL INFORMATION

Makaseb Qatar Equity Fund,
Manama,
Kingdom of Bahrain

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Introduction

We have reviewed the accompanying condensed statement of assets and liabilities of Makaseb Qatar Equity 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 according to the Fund Manager provide the Fund with the opportunity to enhance the return on investment through trading gains. The fair values of these securities is based on quoted market prices. Certain markets and securities may be illiquid and published market prices may not necessarily represent realisable value.

Manama – Kingdom of Bahrain
August 7, 2008

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Deloitte Touche Tohmatsu

MAKASEB QATAR EQUITY FUND
MANAMA – KINGDOM OF BAHRAIN

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

	Note	<u>June 30,</u> <u>2008</u> <u>USD</u>	<u>December 31</u> <u>2007</u> <u>USD</u> (Audited)
ASSETS:			
Cash at banks		757,559	812,727
Securities designated at fair value through profit or loss	5	31,494,431	46,824,704
Total Assets		<u>32,251,990</u>	<u>47,637,431</u>
LIABILITIES:			
Bank overdraft		-	322,846
Accrued expenses and other payables		46,329	58,880
Due to a related party		406,527	233,289
Total Liabilities		<u>452,856</u>	<u>615,015</u>
Net Assets		<u>31,799,134</u>	<u>47,022,416</u>
ANALYSIS OF NET ASSETS:			
Capital		33,558,545	59,653,235
Net realised loss		(6,103,132)	(10,908,021)
Change in fair value of securities designated at fair value through profit or loss	5	4,343,721	(1,722,798)
Net assets		<u>31,799,134</u>	<u>47,022,416</u>
Net asset value per unit		<u>10.94982</u>	<u>8.65476</u>

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 QATAR EQUITY 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>
INVESTMENT INCOME:		
Dividend income	1,052,022	1,598,332
	-----	-----
	1,052,022	1,598,332
	-----	-----
EXPENSES:		
Management fees	414,963	339,092
Performance fees	222,755	-
Administration fees	49,996	44,664
Custody fees	33,645	29,292
Transaction fees	5,550	1,083
Registrar fees	6,492	6,217
Professional fees	3,825	1,984
Interest expense	7,287	610
Other expenses, net	17,779	17,862
	-----	-----
Total expenses	762,292	440,804
	-----	-----
Investment gain – net	289,730	1,157,528
Realised and unrealised gain or loss on securities designated at fair value through profit or loss		
Net realised gain / (loss)	4,515,159	(2,471,367)
Change in fair value	6,066,519	5,171,616
	-----	-----
Net gain on securities	10,581,678	2,700,249
	-----	-----
Net increase in net assets resulting from operations	10,871,408	3,857,777
	=====	=====

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

MAKASEB QATAR EQUITY 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> (Not Reviewed)
Increase in net assets from operations		
Investment gain – net	289,730	1,157,528
Net realized gain/ (loss) on securities	4,515,159	(2,471,367)
Change in fair value of securities	6,066,519	5,171,616
	-----	-----
Net increase in net assets resulting from operations	10,871,408	3,857,777
Change in net assets from capital share transactions	(26,094,690)	(1,407,601)
	-----	-----
Change in net assets	(15,223,282)	2,450,176
Net assets – beginning of period	47,022,416	35,254,021
	-----	-----
Net assets – end of period	<u><u>31,799,134</u></u>	<u><u>37,704,197</u></u>

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

MAKASEB QATAR EQUITY 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 Period</u> <u>Ended June 30,</u> <u>2007</u> <u>USD</u> <u>(Not Reviewed)</u>
Net increase in net assets resulting from operations	10,871,408	3,857,777
Adjustments for:		
Net gain on securities	(10,581,678)	(2,700,249)
Changes in operating assets and liabilities:		
Change in other assets	-	(735,093)
Change in other liabilities	160,687	(310,591)
Net cash from operating activities	450,417	111,844
Cash flows from investing activities		
Payments for purchase of securities	(12,445,661)	(1,044,929)
Proceeds from disposal of securities	38,357,612	2,055,834
Net cash from investing activities	25,911,951	1,010,905
Cash flows from financing activities		
Proceeds from issue of units	9,411,320	1,019,550
Payments on redemption of units	(35,506,010)	(2,427,151)
Net cash used in financing activities	(26,094,690)	(1,407,601)
Net increase/(decrease) in cash and cash equivalents	267,678	(284,852)
Cash and cash equivalents at the beginning of the period	489,881	825,987
Cash and cash equivalents at the end of the period	757,559	541,135
Comprising:		
Cash at bank	757,559	541,135
	757,559	541,135

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

MAKASEB QATAR EQUITY FUND
MANAMA – KINGDOM OF BAHRAIN

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

1. **STATUS AND ACTIVITIES:**

The Makaseb Qatar Equity 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 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 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 QATAR EQUITY 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 QATAR EQUITY 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>
QAR - Banking	13,046,515	15,379,392	2,332,877
- Real Estate	862,004	1,223,362	361,358
- Industrial	6,736,654	7,755,772	1,019,118
- Services	4,265,101	4,662,653	397,552
- Investment	960,228	1,041,052	80,824
- Others	1,280,208	1,432,200	151,992
	-----	-----	-----
	27,150,710	31,494,431	4,343,721
	-----	-----	-----

MAKASEB QATAR EQUITY 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>
QAR - Banking	18,427,603	18,753,047	325,444
- Real Estate	1,000,144	1,049,250	49,106
- Industrial	20,675,986	18,411,811	(2,264,175)
- Services	6,770,765	6,430,231	(340,534)
- Insurance	1,673,004	2,180,365	507,361
	----- 48,547,502 -----	----- 46,824,704 -----	----- (1,722,798) -----

- (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.