

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

### STATEMENT OF FINANCIAL POSITION As at 31 December 2011

	2011 US\$	2010 US\$
<b>ASSETS</b>		
Cash and balances with banks	158,912	411,444
Investments	15,859,440	16,677,570
Deferred payment sale receivables	3,680,203	3,680,203
Investment properties	18,474,757	20,020,445
Other assets	1,385,874	1,594,222
Property and equipment	2,963,735	3,843,948
<b>TOTAL ASSETS</b>	<b>42,522,921</b>	<b>46,227,832</b>
<b>LIABILITIES AND OWNERS' EQUITY</b>		
<b>Liabilities</b>		
Due to a financial institution	3,670,202	3,670,202
Murabaha payable	3,229,064	3,229,064
Other liabilities	640,175	465,184
<b>Total liabilities</b>	<b>7,539,441</b>	<b>7,364,450</b>
<b>Owners' Equity</b>		
Share capital	80,000,000	80,000,000
Statutory reserve	7,409,515	7,409,515
Investments fair value reserve	3,679,690	2,644,604
Accumulated losses	(56,105,725)	(51,190,737)
<b>Total owners' equity</b>	<b>34,983,480</b>	<b>38,863,382</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>	<b>42,522,921</b>	<b>46,227,832</b>
<b>OFF-BALANCE SHEET ITEMS: EQUITY OF INVESTMENT ACCOUNTHOLDERS</b>	<b>16,546,150</b>	<b>16,424,155</b>

### STATEMENT OF INCOME For the year ended 31 December 2011

	2011 US\$	2010 US\$
Gain on disposal of investments at fair value through equity	21,904	291,792
Fair value loss on investments at fair value through statement of income	(404,662)	(3,402,560)
Other income	629,828	799,515
<b>Operating income / (loss)</b>	<b>247,070</b>	<b>(2,311,253)</b>
<b>EXPENSES</b>		
Staff cost	982,181	1,123,068
Administrative and general expenses	503,848	612,686
Depreciation	799,038	1,141,033
<b>Operating expenses</b>	<b>2,285,067</b>	<b>2,876,787</b>
<b>Net loss before provision for impairment, net</b>	<b>(2,037,997)</b>	<b>(5,188,040)</b>
Provision for impairment, net	(2,876,991)	(22,089,835)
<b>NET LOSS FOR THE YEAR</b>	<b>(4,914,988)</b>	<b>(27,277,875)</b>

### STATEMENT OF CASH FLOWS For the year ended 31 December 2011

	2011 US\$	2010 US\$
<b>OPERATING ACTIVITIES</b>		
Net loss for the year	(4,914,988)	(27,277,875)
Adjustments for non-cash items:		
Depreciation	799,038	1,141,033
Gain on disposal of property and equipment	-	(2,035)
Provision for impairment, net	3,111,923	22,089,835
Gain on disposal of investments at fair value through equity	(21,904)	(291,792)
Fair value loss on investments at fair value through statement of income	404,662	3,402,560
Operating loss before changes in operating assets and liabilities:	(621,269)	(938,274)
Working capital adjustments:		
Other assets	28,772	158,212
Other liabilities	174,991	16,133
Net cash used in operating activities	(417,506)	(763,929)
<b>INVESTING ACTIVITIES</b>		
Proceeds from disposal of investments at fair value through equity	170,291	560,590
Proceeds from disposal of property and equipment	-	2,520
Purchase of property and equipment	(5,317)	-
Net cash from investing activities	164,974	563,110
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(252,532)</b>	<b>(200,819)</b>
Cash and cash equivalents at 1 January	411,444	612,263
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	<b>158,912</b>	<b>411,444</b>

### STATEMENT OF CHANGES IN OWNERS' EQUITY For the year ended 31 December 2011

	Share capital US\$	Statutory reserve US\$	Investments fair value reserve US\$	Accumulated losses US\$	Total US\$
Balance at 1 January 2011	80,000,000	7,409,515	2,644,604	(51,190,737)	38,863,382
Net loss for the year	-	-	-	(4,914,988)	(4,914,988)
Other comprehensive income during the year	-	-	1,035,086	-	1,035,086
<b>Balance as at 31 December 2011</b>	<b>80,000,000</b>	<b>7,409,515</b>	<b>3,679,690</b>	<b>(56,105,725)</b>	<b>34,983,480</b>
Balance at 1 January 2010	80,000,000	7,409,515	3,411,701	(23,912,862)	66,908,354
Net loss for the year	-	-	-	(27,277,875)	(27,277,875)
Other comprehensive loss during the year	-	-	(767,097)	-	(767,097)
Balance as at 31 December 2010	80,000,000	7,409,515	2,644,604	(51,190,737)	38,863,382

These financial statements were extracted from the audited financial statements on which Ernst & Young issued an unqualified opinion dated 20 February 2012.

The financial statement were authorised for issue in accordance with approval of the Board of Directors on 20 February 2012

  
Dr. Abdulaziz Al Bader  
Chairman

  
Ghassan Al Sultan  
Director