

**CAPITAL MANAGEMENT HOUSE B.S.C.(c)**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS**

**31 MARCH 2009 (UNAUDITED)**

## REVIEW REPORT TO THE BOARD OF DIRECTORS OF CAPITAL MANAGEMENT HOUSE B.S.C. (c)

### *Introduction*

We have reviewed the accompanying interim condensed consolidated financial statements of Capital Management House B.S.C.(c) ('the Company') as at 31 March 2009, comprising of the interim condensed consolidated balance sheet as at 31 March 2009 and the related interim condensed consolidated statements of income, statement of changes in equity and cash flows for the three months period then ended and explanatory notes. The Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the accounting policies disclosed in note 3. Our responsibility is to issue a report on these interim condensed consolidated financial statements based on our review.

### *Scope of review*

We conducted our review in accordance with the 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 interim condensed consolidated financial statements are not prepared fairly, in all material respects, in accordance with the accounting policies in note 3.

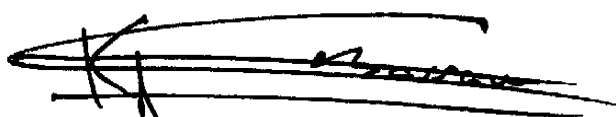


30 April 2009  
Manama, Kingdom of Bahrain

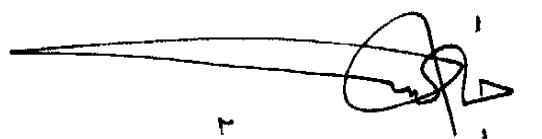
**CAPITAL MANAGEMENT HOUSE B.S.C.(c)**  
**INTERIM CONDENSED CONSOLIDATED BALANCE SHEET**

At 31 March 2009 (Unaudited)

	<i>Notes</i>	<i>Unaudited</i> <b>31 March</b> <b>2009</b> <i>USD'000</i>	<i>Audited</i> <b>31 December</b> <b>2008</b> <i>USD'000</i>
<b>ASSETS</b>			
Cash and bank balances		<b>540</b>	482
Due from financial institutions		<b>60,554</b>	50,754
Investments	4	<b>87,039</b>	81,524
Fixed assets		<b>1,740</b>	1,859
Other assets		<b>2,658</b>	6,280
<b>TOTAL ASSETS</b>		<b>152,531</b>	140,899
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Due to financial institutions		<b>23,211</b>	9,697
Accounts payable		<b>35</b>	40
Other liabilities		<b>369</b>	2,321
<b>Total liabilities</b>		<b>23,615</b>	12,058
<b>Equity</b>			
Share capital		<b>100,000</b>	91,381
Share premium		<b>17,579</b>	17,579
Reserves		<b>11,337</b>	19,881
<b>Total equity</b>		<b>128,916</b>	128,841
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>152,531</b>	140,899
<b>COMMITMENTS AND CONTINGENT LIABILITIES</b>	5	<b>18,461</b>	34,730



Khalid Abdulla Al Bassam  
Chairman



Khalid Mohamed Najibi  
Vice Chairman and Managing  
Director

The attached explanatory notes 1 to 9 form part of these interim condensed consolidated financial statements.

**CAPITAL MANAGEMENT HOUSE B.S.C.(c)****INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME**

For the three months period ended 31 March 2009 (Unaudited)

	<i>Unaudited</i>	
	<i>Three months ended</i>	
	<b>31 March</b>	<b>31 March</b>
	<b>2009</b>	<b>2008</b>
	<b>USD'000</b>	<b>USD'000</b>
<b>INCOME</b>		
Income from islamic finances	335	299
Income from investments	1,008	1,098
Placement, arranging and underwriting fees	2	2,352
Fair value gain on investment property	1,024	-
Total income	<b>2,369</b>	<b>3,749</b>
<b>EXPENSES</b>		
Profit on islamic payables	88	411
Staff costs	648	477
General and administrative costs	543	370
Total expenses	<b>1,279</b>	<b>1,258</b>
<b>NET INCOME FOR THE PERIOD BEFORE PROVISION</b>	<b>1,090</b>	<b>2,491</b>
Provision against receivables	(420)	-
<b>NET INCOME FOR THE PERIOD AFTER PROVISION</b>	<b>670</b>	<b>2,491</b>

The attached explanatory notes 1 to 9 form part of these interim condensed consolidated financial statements.

**CAPITAL MANAGEMENT HOUSE B.S.C.(c)**  
**INTERIM CONDENSED CONSOLIDATED CASH FLOWS STATEMENT**

For the three months period ended 31 March 2009 (Unaudited)

	<i>Unaudited</i>	
	<i>Three months ended</i>	
	<b>31 March 2009 USD'000</b>	<b>31 March 2008 USD'000</b>
<b>OPERATING ACTIVITIES</b>		
Net income for the period	670	2,491
Adjustments for:		
Depreciation	135	71
Fair value gain on investment property	(1,024)	-
Gain on sale of investments	(207)	(284)
Operating (loss) profit before changes in operating assets and liabilities	(426)	2,278
Working capital adjustments:		
Due from financial institutions with original maturities of more than 90 days	-	28,976
Other assets	3,622	1,578
Due to financial institutions	13,514	10,000
Accounts payable	(5)	(22,724)
Other liabilities	(1,952)	2,939
Net cash from operating activities	14,753	23,047
<b>INVESTING ACTIVITIES</b>		
Purchase of investments	(8,093)	(1,312)
Proceeds from investments	2,375	5,739
Purchase of fixed assets	(16)	(211)
Net cash (used in) from investing activities	(5,734)	4,216
<b>FINANCING ACTIVITIES</b>		
Share grant reserve	839	-
Dividend paid	-	(2,385)
Net cash from (used in) financing activities	839	(2,385)
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>9,858</b>	<b>24,878</b>
Cash and cash equivalents at beginning of the period	51,236	286
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>61,094</b>	<b>25,164</b>
<b>Cash and cash equivalents comprise of:</b>		
Cash and bank balances	540	2,227
Due from financial institutions with original maturities of less than 90 days	60,554	22,937
	<b>61,094</b>	<b>25,164</b>

The attached explanatory notes 1 to 9 form part of these interim condensed consolidated financial statements.

**CAPITAL MANAGEMENT HOUSE B.S.C.(c)**  
**STATEMENT OF CHANGES IN EQUITY**

For the three months period ended 31 March 2009 (Unaudited)

	Reserves						Total Equity USD'000			
	Share capital USD'000	Share premium USD'000	Statutory reserve USD'000	General reserves USD'000	Cumulative changes in fair value reserve USD'000	Retained earnings USD'000		Proposed dividend USD'000	Share grant reserve USD'000	Total reserve USD'000
Balance at 1 January 2009	91,381	17,579	2,071	563	8,495	133	8,619	-	19,881	128,841
Fair value loss on available-for-sale investments	-	-	-	-	(1,434)	-	-	-	(1,434)	(1,434)
Net income for the period	-	-	-	-	1,024	670	-	-	670	670
Fair value gain on investment properties	-	-	-	-	-	(1,024)	-	-	-	-
Share grant reserve (FY 2008) (note 6)	-	-	-	-	-	-	-	736	736	736
Share grant vesting charge (FY 2009) (note 6)	-	-	-	-	-	-	-	103	103	103
Proposed dividends	8,619	-	-	-	-	-	(8,619)	-	(8,619)	-
<b>Balance at 31 March 2009</b>	<b>100,000</b>	<b>17,579</b>	<b>2,071</b>	<b>563</b>	<b>8,085</b>	<b>(221)</b>	<b>-</b>	<b>839</b>	<b>11,337</b>	<b>128,916</b>

	Reserves						Total Equity USD'000			
	Share capital USD'000	Share premium USD'000	Statutory reserve USD'000	General reserves USD'000	Cumulative changes in fair value reserve USD'000	Retained earnings USD'000		Proposed dividend USD'000	Share grant reserve USD'000	Total reserve USD'000
Balance at 1 January 2008	47,700	-	631	563	3,003	327	2,385	-	6,909	54,609
Fair value gain on available-for-sale investments	-	-	-	-	66	-	-	-	66	66
Net income for the period	-	-	-	-	-	2,491	-	-	2,491	2,491
Proposed dividends	-	-	-	-	-	-	(2,385)	-	(2,385)	(2,385)
<b>Balance at 31 March 2008</b>	<b>47,700</b>	<b>-</b>	<b>631</b>	<b>563</b>	<b>3,069</b>	<b>2,818</b>	<b>-</b>	<b>-</b>	<b>7,081</b>	<b>54,781</b>

The attached explanatory notes 1 to 9 form part of these interim condensed consolidated financial statements.

# CAPITAL MANAGEMENT HOUSE B.S.C.(c)

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 31 March 2009 (Unaudited)

### 1 INCORPORATION AND ACTIVITIES

Capital Management House B.S.C.(c) ("the Company") was incorporated in the Kingdom of Bahrain in accordance with and subject to the provisions of the Bahrain Commercial Companies Law, Decree no (21) of 2001 and its Implementation Regulations issued as per Ministerial Order No (6) of 2002 and registered with the Ministry of Industry and Commerce under Commercial Registration (CR) number 61045 on 15 May 2006. The Company operates under an Investment Firm (Category I) License issued by the Central Bank of Bahrain (CBB). The Company's registered office is at Office 81, Building B1, Road 365, Block 316, World Trade Center, Manama Center, Kingdom of Bahrain.

The Company aims to provide a full range of Shari'a compliant investment banking products and services as principal/agent. The principle activities of the Company includes:

- Short term investments;
- Capital market: Sukuk securities, equity linked offering, initial public offering and rights issues;
- Advisory services: Mergers and acquisitions, private placement, divestitures and real estate developments; and
- Asset management.

### 2 INVESTMENTS IN SUBSIDIARIES

As at 31 March 2009, the Company had the following subsidiaries (together "the Group"):

<i>Name</i>	<i>Activities/Status</i>	<i>Year of Incorporation</i>	<i>Country of incorporation</i>	<i>Ownership %</i>
CMH Fund Corporation	Incorporated for CMH Enterprise Fund which is yet to be launched	2007	Cayman Island	100
CMH (Nobelis Capital) limited	Special purpose vehicle for investments not operative	2007	Cayman Island	100
Tamkeen Investment Company B.S.C. (c)	Special purpose vehicle to administer MIP	2008	Kingdom of Bahrain	100

As at 31 March 2009 only Tamkeen Investment Company B.S.C. (c) is operational and has been consolidated.

### 3 BASIS OF PREPARATION AND ACCOUNTING POLICIES

#### **Basis of preparation**

The interim condensed consolidated financial statements for the three months ended 31 March 2009 have been prepared in accordance with the International Accounting Standard 34 "Interim Financial Reporting". The interim condensed consolidated financial statements do not contain all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements as at 31 December 2008. In addition, results for the three month period ended 31 March 2009 are not necessarily indicative of the results that may be expected for the financial year ended 31 December 2009.

#### **Significant accounting policies**

The Company has changed its accounting policy for investments in properties as follows:

Properties held for rental, or for capital appreciation purposes, or both are classified as investments in properties. Investments in properties are initially recorded at cost, being the fair value of the consideration given and acquisition charges associated with the property. Subsequent to initial recognition, investments in properties are measured at fair value and changes in fair value are recognised in the interim condensed consolidated statement of income.

**CAPITAL MANAGEMENT HOUSE B.S.C.(c)****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

At 31 March 2009 (Unaudited)

**3 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)****Significant accounting policies (continued)**

In accordance with AAOIFI, such gains or losses are appropriated to an investment fair value reserve at the year end. Upon realisation of these gains/losses, these are transferred to retained earnings from investments fair value reserve.

The above change has increase the net income by USD 1,024 thousands, which has been transferred from retained earnings to cumulative fair value reserve in shareholders equity.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual financial statements (except for the amendment as mentioned above), for the year ended 31 December 2008, which were prepared in accordance with Financial Accounting Standards issued by Accounting and Auditing Organization for Islamic Financial Institutions (the "AAOIFI"), the Shari'a Rules and Principles, the Bahrain Commercial Companies Law, CBB and Financial Institutions Law. For matters which are not covered by AAOIFI standards, including "Interim Financial Reporting", the Company uses the International Financial Reporting Standards.

**4 INVESTMENTS**

	<i>Unaudited</i> 31 March 2009			<i>Audited</i> 31 December 2008		
	<i>Cost</i> USD'000	<i>Cumulative fair value adjustment</i> USD'000	<i>Total Carrying value</i> USD'000	<i>Cost</i> USD'000	<i>Cumulative fair value adjustment</i> USD'000	<i>Total Carrying value</i> USD'000
<i>Available-for- sale investments:</i>						
<i>Quoted investments</i>						
Investment securities	2,656	244	2,900	2,191	419	2,610
	2,656	244	2,900	2,191	419	2,610
<i>Unquoted investments</i>						
Investment securities	50,134	1,177	51,311	47,003	2,436	49,439
Sukuk	15,212	(1,303)	13,909	12,883	(1,303)	11,580
	65,346	(126)	65,220	59,886	1,133	61,019
<b>Total available-for- sale investments</b>	<b>68,002</b>	<b>118</b>	<b>68,120</b>	<b>62,077</b>	<b>1,552</b>	<b>63,629</b>
<i>Investments carried at fair value through statement of income</i>	5,546	6,943	12,489	5,546	6,943	12,489
<i>Investment property*</i>	5,406	1,024	6,430	5,406	-	5,406
<b>Total investments</b>	<b>78,954</b>	<b>8,085</b>	<b>87,039</b>	<b>73,029</b>	<b>8,495</b>	<b>81,524</b>

\* Investment property amounting USD 5,406 thousand were pledged against revolving murabaha payable of USD 2,759 thousand.

**5 COMMITMENTS AND CONTINGENT LIABILITIES****Credit related commitments**

These include commitments to enter into financing contracts which are designed to meet the requirements of the Company's customers.

Commitments represent contractual commitments under Murabaha receivables. Commitments generally have fixed expiration dates, or other termination clauses. Since commitments may expire without being drawn upon, the total contract amounts do not necessarily represent future cash flow requirements.

**CAPITAL MANAGEMENT HOUSE B.S.C.(c)****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

At 31 March 2009 (Unaudited)

**5 COMMITMENTS AND CONTINGENT LIABILITIES (continued)**

The Company has the following credit related commitments.

	<i>Unaudited</i> <b>31 March</b> <b>2009</b> <b>USD'000</b>	<i>Audited</i> <b>31 December</b> <b>2008</b> <b>USD'000</b>
Underwriting commitment	-	15,000
Forward foreign exchange commitment	<b>9,990</b>	10,294
Uncalled capital commitment	<b>6,564</b>	7,436
	<b>16,554</b>	<b>32,730</b>

The Company has commitments relating to the leasehold improvements, rentals and projects as follows:

	<i>Unaudited</i> <b>31 March</b> <b>2009</b> <b>USD'000</b>	<i>Audited</i> <b>31 December</b> <b>2008</b> <b>USD'000</b>
Rentals	<b>1,539</b>	1,620
Commitment related to leasehold improvements	<b>159</b>	159
Commitments related to project developments	<b>133</b>	133
	<b>1,831</b>	<b>1,912</b>

***Ijarah Muntahia Bittamleek commitments***

The Company has entered into Ijarah Muntahia Bittamleek for vehicles. These leases have an expected useful life of 4 years. Future minimum rentals payable under these leases are as follows:

	<i>Unaudited</i> <b>31 March</b> <b>2009</b> <b>USD'000</b>	<i>Audited</i> <b>31 December</b> <b>2008</b> <b>USD'000</b>
Within one year	<b>48</b>	48
After one year but not more than five years	<b>28</b>	40
	<b>76</b>	<b>88</b>
Total commitments and contingent liabilities	<b>18,461</b>	<b>34,730</b>

**6 MANAGEMENT INCENTIVE PROGRAM**

On 27 March 2008, the Company has set up a "Management Incentive Program" (MIP) and has incorporated Tamkeen Investment Company B.S.C.(c) (a wholly owned subsidiary) to administer the program. The shareholders have authorised the issue of 15 million shares (maximum) under this program. The employees under this program are entitled to incentive comprising of cash and equity awards for each financial year based on achievement of performance parameters. The equity awards vest to the benefit of employees subject to the satisfaction of additional service conditions.

For the financial year 2008, the Company granted 1,066,241 share award to the employees with the vesting period of five years (2008-2012). Of the above, 319,871 shares have vested on 25 March 2009. The Company is currently in the process of completing the statutory formalities associated with the transfer of shares.

**7 RELATED PARTY TRANSACTIONS**

The Company enters into transactions with major shareholders, directors, management and companies of which they are principal owners in the ordinary course of business at commercial rates. All the financing contracts with related parties are performing and are free of any impairment provision.

Balances with related parties included in the interim condensed balance sheet are as follows:

	<b>Unaudited</b>	<b>Audited</b>
	<b>31 March</b>	<b>31 December</b>
	<b>2009</b>	<b>2008</b>
	<b>USD'000</b>	<b>USD'000</b>
<b>Assets:</b>		
Cash and bank balances	150	109
Due from financial institutions	38,100	13,000
Investments	25,601	23,470
<b>Liabilities:</b>		
Due to financial institutions	12,759	4,674
Commitments and contingent liabilities	9,990	25,294

The transactions with related parties included in the interim condensed consolidated statement of income are as follows:

	<b>Unaudited</b>	
	<b>Three months ended</b>	
	<b>31 March</b>	<b>31 March</b>
	<b>2009</b>	<b>2008</b>
	<b>USD'000</b>	<b>USD'000</b>
Income from Islamic finances	124	136
Profit on Islamic finances	(43)	(97)
Gain on sale of investments	-	283
General and administrative costs	(21)	(6)

Compensation of the key management personnel is as follows:

	<b>Unaudited</b>	
	<b>Three months ended</b>	
	<b>31 March</b>	<b>31 March</b>
	<b>2009</b>	<b>2008</b>
	<b>USD'000</b>	<b>USD'000</b>
Long term employee benefits	103	-
Short term employee benefits	221	90
	<b>324</b>	<b>90</b>

**CAPITAL MANAGEMENT HOUSE B.S.C.(c)****NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

At 31 March 2009 (Unaudited)

**8 CONCENTRATIONS OF ASSETS, LIABILITIES, AND COMMITMENTS AND CONTINGENT LIABILITIES**

The distribution by geographic region and industry sector was as follows:

	<b>Assets</b>		<b>Liabilities</b>		<b>Commitments and contingent liabilities</b>	
	<b>USD '000</b>		<b>USD '000</b>		<b>USD '000</b>	
	<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>	<i>Audited</i>
	<b>31 March</b>	<b>31 December</b>	<b>31 March</b>	<b>31 December</b>	<b>31 March</b>	<b>31 December</b>
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
<b>Geographical region</b>						
North America	2,707	2,798	-	-	-	-
Europe	11,017	13,876	-	-	9,990	10,294
Middle East	133,631	120,046	23,615	12,058	7,907	7,999
Africa	5,161	4,178	-	-	564	16,437
Asia	15	1	-	-	-	-
	<b>152,531</b>	<b>140,899</b>	<b>23,615</b>	<b>12,058</b>	<b>18,461</b>	<b>34,730</b>
<b>Industry sector</b>						
Trading and manufacturing	13,146	13,029	-	-	-	-
Banks and financial institutions	89,470	78,361	23,238	9,697	9,990	10,294
Others	49,915	49,509	377	2,361	8,471	24,436
	<b>152,531</b>	<b>140,899</b>	<b>23,615</b>	<b>12,058</b>	<b>18,461</b>	<b>34,730</b>

Exposures to banks and non banks which exceeds 25% of the Company's capital and reserves amount to US\$ nil (31 December 2008 US\$ nil).

**9 COMPARATIVE FIGURES**

Certain of the prior period's figures have been reclassified to conform to the presentation adopted in the current period. Such reclassification has not affected net income, total assets, total liabilities and equity of the Company as previously reported.