

Sakana Holistic Housing Solutions BSC (c)

FINANCIAL STATEMENTS 31 DECEMBER 2006

| | | |
|-------------------------|---|--|
| Commercial registration | : | 58795 (registered with Central Bank of Bahrain as a Financing company). |
| Office | : | Suite 209, 2 nd Floor Bahrain car park building PO Box 21479, Manama, Kingdom of Bahrain |
| Directors | : | Jamal Mohammed Hijres, <i>Chairman</i> Abdul Hakim Khalil Al-Mutawa, <i>Vice Chairman</i> Mohammed Ebrahim Mohammed Tawfiq Al Bastaki Mazen Ahmed Al Umran |
| Chief Executive Officer | : | R Lakshmanan |
| Bankers | : | Shamil Bank of Bahrain BSC |
| Auditors | : | KPMG |

FINANCIAL STATEMENTS
for the period ended 31 December 2006

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CHAIRMAN'S REPORT
for the period ended 31 December 2006

Bahraini dinars

Dear Shareholders

In accordance with the Bahrain Commercial Companies Law 2001, I have pleasure in presenting the audited financial statements of Sakana Holistic Housing Solutions BSC (c) (the 'Company') for the period from 27 November 2005 to 31 December 2006.

| Financial highlights | 2005 – 2006 |
|----------------------------|-------------|
| Total assets | 5,006,658 |
| Total shareholders' equity | 4,841,029 |
| Loss for the period | 158,971 |

I am pleased to report that the Company commenced commercial operations from 3 December 2006 and the property financing approvals till 31 December 2006 was BD 1,849,650.

During 2006, the Board approved the business plan for 2006 to 2010 and this was further presented to the shareholders. In line with its commitment to have the highest standards of corporate governance, the Board established the Code of Conduct & Ethics Policy for the Board of Directors and appointed an independent Sharia'a Advisor.

The mortgage finance industry is witnessing increased competition, with several players – both conventional and Islamic. At the same time, there are several new projects being constructed to keep pace with demand in housing. Taking these into consideration, we have designed innovative mortgage products. The establishment of "Sakana" has come at the right time and we believe it will play an important role in helping more people to fulfil their dream of home ownership and be a catalyst for the prosperity of the housing sector.

In support of the Sakana's strategic and business objectives, a core banking system from a leading vendor was identified and implementation will be carried out in 2007. Also during the year, we established Credit policies and procedures and Employee Gradation Structure. We have also outsourced number of business activities, in order to focus on sales and provide superior customer service.

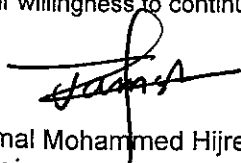
Human resources are our most valuable asset and it is our endeavour to provide continuous training and development. We also place emphasis on nurturing local talent and have more than 70% Bahrainis working despite mortgages being new in Bahrain. During the year, staff attended several training programs.

On behalf of the Board of Directors, I would like to take this opportunity to thank the Government and regulatory authorities for the support and guidance. I also thank the shareholders for the confidence and support and to our management and staff for their dedication and hard work.

Representations and audit

The affairs of the Company have been conducted in accordance with the Bahrain Commercial Companies Law 2001, Central Bank of Bahrain and Financial Institutions Law and other relevant statutes. We are not aware of any events since 31 December 2006, which would materially affect the financial statements on pages 4 to 14.

The Company has maintained proper complete accounting records and these, together with all other information and explanations, have been made freely available to the auditors, KPMG, who have expressed their willingness to continue in office for the next accounting year.



Jamal Mohammed Hijres
 Chairman

12 February 2007

**REPORT OF THE SHARI'A ADVISOR
For the period ended 31 December 2006**

In the name of Allah, The Beneficent, The Merciful

Praise be to Allah, the Lord of the Worlds and peace and blessing be upon our Prophet Mohammed and his scion companions.

Assalam Alaikum Wa Rahmat Allah Wa Barakatoh,

It is my pleasure to present you the Shari'a Advisor report for this esteemed organization. In compliance with the letter of appointment, we have reviewed the company's business activities for the period ended 2006, to form an opinion that the company has been adhered the Rules and Principles of the honorable Islamic Shari'a and also adhered to the decisions and contracts related to transactions and services. Furthermore, the accounts of the company have been reviewed and the contents of the financial statements have been discussed with management.

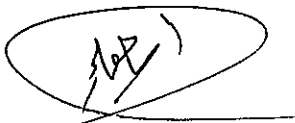
And whereas our responsibility is limited to form an independent Shari'a opinion based on our review of the operations of the company, management is responsible for ensuring the company conducts its business in accordance with Shari'a Rules and Principles.

During the period ended 2006, the company has executed transactions and contracts and we have reviewed and obtained all the information and explanations which we consider necessary for the purpose of Shari'a audit to give reasonable assurance that Sakana has not violated the Shari'a Rules and Principles.

In our opinion the contracts transactions, and dealings and resulting profits and losses confirm to the basis that had been approved by us in accordance with Shari'a Rules and Principles.

We thank the company's management for their commitment to adhere to their Shari'a Rules and Principles. We pray to Allah the Almighty, to bless the company with more success and prosperity and support the growth of Islamic financial institutions to fulfill their roles toward the developing and serving of the community.

Allah peace and blessing be upon you.



Osama Mohammed Bahar
Shari'a Advisor



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Audit
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Kingdom of Bahrain

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REPORT OF THE AUDITORS TO THE SHAREHOLDERS

Sakana Holistic Housing Solutions BSC (c)

12 February 2007

Manama, Kingdom of Bahrain

We have audited the accompanying financial statements of Sakana Holistic Housing Solutions BSC (c) ("the Company") as at, and for the period ended, 31 December 2006 as set out on pages 4 to 14.

Respective responsibilities of directors and auditors

These financial statements and the Company's undertaking to operate in accordance with Islamic Shari'a rules and principles are the responsibility of the directors of the Company. Our responsibility is to express an opinion on these financial statements based on our audit.

Basis of opinion

We conducted our audit in accordance with Auditing Standards for Islamic Financial Institutions. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2006, the results of its operations, the changes in its shareholders' equity and the changes in its cash flows for the year then ended, in accordance with Financial Accounting Standards issued by the Accounting and Auditing Organisation for Islamic Financial Institutions and the Shari'a rules and principles as determined by the Shari'a Advisor of the Company.

Other regulatory matters

In addition, in our opinion, the Company has maintained proper accounting records and the financial statements are in agreement therewith. We have reviewed the accompanying report of the chairman and confirm that the information contained therein is consistent with the financial statements. We are not aware of any violations of the Bahrain Commercial Companies Law 2001, the Central Bank of Bahrain and Financial Institutions Law or the terms of the Company's license or its memorandum and articles of association having occurred during the period that might have had a material effect on the business of the Company or on its financial position as at 31 December 2006. Satisfactory explanations and information have been provided to us by the management in response to all our requests.

BALANCE SHEET
as at 31 December 2006

Bahraini dinars

| | Note | 31 December 2006 |
|---|------|---------------------|
| ASSETS | | |
| Cash and bank balances | 3 | 1,481,511 |
| Murabaha receivables | 4 | 3,020,651 |
| Assets acquired for leasing | 5 | 254,592 |
| Other assets | 6 | 16,148 |
| Fixed assets | 7 | 233,756 |
| Total assets | | 5,006,658 |
| LIABILITIES | | |
| Payables and accrued expenses | 8 | 165,629 |
| Total liabilities | | 165,629 |
| SHAREHOLDERS' EQUITY | | |
| Share capital | 9 | 5,000,000 |
| Accumulated losses | | (158,971) |
| Total shareholders' equity (page 5) | | 4,841,029 |
| Total liabilities and shareholders' equity | | 5,006,658 |



Jamal Mohammed Hijres
Chairman



Abdul Hakim Khalil Al-Mutawa
Vice Chairman



R. Lakshmanan
Chief Executive Officer

The financial statements, which consist of pages 4 to 14, were approved by the directors on 12 February 2007.

INCOME STATEMENT

for the period from 27 November 2005 to 31 December 2006

Bahraini dinars

| | Note | 27 November 2005 to 31 December 2006 |
|---|------|---|
| Lease rental income | | 997 |
| Depreciation on assets acquired for leasing | 5 | (408) |
| Net lease income | | 589 |
| Fee income | | 4,350 |
| Income from murabaha receivables | | 23,870 |
| Income from mudaraba investments | | 211,811 |
| Other income | | 225 |
| Total income | | 240,845 |
| Staff costs | 10 | 159,255 |
| Marketing expenses | | 112,195 |
| Pre-incorporation expenses | | 17,000 |
| Other operating expenses | 11 | 104,672 |
| Depreciation on fixed assets | 7 | 6,694 |
| Total expenses | | 399,816 |
| LOSS FOR THE PERIOD | | (158,971) |



Jamal Mohammed Hijres
Chairman



Abdul Hakim Khalil Al-Mutawa
Vice Chairman



R. Lakshmanan
Chief Executive Officer

The financial statements, which consist of pages 4 to 14, were approved by the directors on 12 February 2007.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
for the period from 27 November 2005 to 31 December 2006

Bahraini dinars

| | Share Capital | Accumul- ated losses | Total |
|---|--------------------------|---------------------------------|------------------|
| Share capital introduced | 5,000,000 | - | 5000,000 |
| Loss for the period | - | (158,971) | (158,971) |
| Balance at the end of the period | 5,000,000 | (158,971) | 4,841,029 |

STATEMENT OF CASH FLOWS
for the period from 27 November 2005 to 31 December 2006

Bahraini dinars

| | Note | 27 November 2005 to 31 December 2006 |
|--|------|---|
| OPERATING ACTIVITIES | | |
| Net loss for the period | | (158,971) |
| Adjustments for: | | |
| Depreciation on fixed assets | | 6,694 |
| Depreciation on assets acquired for leasing | | 408 |
| Income from murabaha receivables | | (23,870) |
| Income from mudaraba investments | | (211,811) |
| | | (387,550) |
| Changes in assets and liabilities: | | |
| Increase in assets acquired for leasing | | (255,000) |
| Increase in other assets | | (16,148) |
| Increase in payables and accrued expenses | | 129,367 |
| Cash flows from operating activities | | (529,331) |
| INVESTING ACTIVITIES | | |
| Purchase of fixed assets | | (204,188) |
| Profits on murabaha contracts received | | 23,870 |
| Income from mudaraba investments received | | 211,811 |
| Cash flows from investing activities | | 31,493 |
| FINANCING ACTIVITIES | | |
| Capital introduced by shareholders' | 9 | 5,000,000 |
| Cash flows from financing activities | | 5,000,000 |
| Net increase in cash and cash equivalents | | 4,502,162 |
| Cash and cash equivalents at the beginning of the period | | - |
| Cash and cash equivalents at 31 December | | 4,502,162 |
| Cash and cash equivalent comprise: | | |
| Cash and bank balances | 3 | 1,481,511 |
| Murabaha receivables | 4 | 3,020,651 |
| | | 4,502,162 |

The financial statements consist of pages 4 to 14.

NOTES TO THE FINANCIAL STATEMENTS**for the period from 27 November 2005 to 31 December 2006**

Bahraini dinars

1 INCORPORATION AND PRINCIPAL ACTIVITY

Sakana Holistic Housing Solutions BSC (c) ("the Company") was incorporated on 27 November 2005 in the Kingdom of Bahrain under Commercial Registration No. 58795 as a 50:50 joint venture between Bank of Bahrain and Kuwait BSC and Shamil Bank of Bahrain BSC. The Company operates under a license granted by the Central Bank of Bahrain ("CBB"). The Company operates through its Head Office and a branch in the Kingdom of Bahrain

The principal activity of the Company is financing real estate projects in accordance with Islamic rules and principles. The Company commenced commercial operations on 3 December 2006. The Company was incorporated on 27 November 2005 and these financial statements have been prepared from the date of incorporation to 31 December 2006. Since these are the first financial statements of the Company, there are no comparatives.

The Company's activities are regulated by the Central Bank of Bahrain and supervised by a Religious Supervisory Advisor whose role has been defined by the Board of Directors.

2 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below.

(a) Statement of compliance

The Company has been licensed by the Central Bank of Bahrain as an Islamic financing company and hence is required to comply with the Financial Accounting Standards ("FAS") issued by the Accounting and Auditing Organisation for Islamic Financial Institutions.

(b) Basis of preparation

The financial statements are presented in Bahraini Dinars, being the principal currency of the Company's operations. They are prepared on the historical cost basis

(c) Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash and bank balances and short-term highly liquid investments (including murabaha receivables) with maturities of three months or less when acquired.

(d) Murabaha receivables

Murabaha receivables are stated at cost less any impairment allowances.

(e) Assets acquired for leasing

Assets acquired for leasing (Ijarah) are stated at cost less accumulated depreciation and any impairment in value. Depreciation is provided on a straight-line basis over the period of the lease term. The Company assesses at each balance sheet date whether there is objective evidence that the assets acquired for leasing are impaired. Impairment losses are measured as the difference between the carrying amount of the asset and the estimated recoverable amount. Impairment losses, if any, are recognised in the income statement.

(f) Zakah

Zakah is directly borne by the owners. Zakah payable by the owners is computed by the Company on the basis of the method prescribed by the Company's Shari'a Advisor and in line with AAOIFI Standards and notified to the owners annually. Zakah payable by the owners for the period ended 31 December 2006 was BD 0.022 (22 fils) for every share held.

NOTES TO THE FINANCIAL STATEMENTS

for the period from 27 November 2005 to 31 December 2006

Bahraini dinars

(g) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and any impairment in value. Depreciation is calculated on a straight line basis over their estimated useful lives of assets as follows:

| | |
|--------------------------------------|---------|
| Furniture and leasehold improvements | 5 years |
| Computer and equipment | 4 years |
| Vehicles | 5 years |

(h) Impairment

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the income statement. Impairment losses are reversed only if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

(i) Revenue recognition

Lease rental income is recognised proportionately over the lease term.

Fee income is recognised when earned.

Income from Murabaha contracts is recognised on a time-apportioned basis over the period of the contract.

Income from Mudaraba investments is recognised when declared.

(j) Earnings prohibited by Shari'a

The Company is committed to avoid recognising any income generated from non-Islamic sources. Any earnings prohibited by Shari'a are set aside for charitable purposes.

(k) Employees benefits**(i) Bahraini employees**

Pensions and other social benefits for Bahraini employees are covered by the General Organisation for Social Insurance scheme, which is a "defined contribution scheme" in nature, and to which employees and employers contribute monthly on a fixed-percentage-of-salaries basis.

(ii) Expatriate employees

Expatriate employees on fixed contracts are entitled to leaving indemnities payable under the Bahraini Labour Law for the Private Sector of 1976, based on length of service and final remuneration. Provision for this unfunded commitment has been made by calculating the notional liability had all employees left at the balance sheet date.

(l) Transactions and balances in foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date, are translated at the exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS
for the period from 27 November 2005 to 31 December 2006

Bahraini dinars

3 CASH AND BANK BALANCES

| | 31 December 2006 |
|--------------------|-----------------------------|
| Balances with bank | 1,481,279 |
| Cash in hand | 232 |
| | 1,481,511 |

4 MURABAHA RECEIVABLES

| | 31 December 2006 |
|----------------------------|-----------------------------|
| Gross murabaha receivables | 3,029,449 |
| Less : Deferred income | (8,798) |
| | 3,020,651 |

The Murabaha receivables had an effective profit rate of 5.22% p.a. at 31 December 2006.

5 ASSETS ACQUIRED FOR LEASING

| | Cost | Accumulated Depreciation | Net Book Value |
|----------------------------|----------------|-------------------------------------|---------------------------|
| Properties | 255,000 | 408 | 254,592 |
| At 31 December 2006 | 255,000 | 408 | 254,592 |

Assets acquired for leasing are leased under contracts that end up with the transfer of ownership of the leased asset to the lessee (Ijarah Muntahia Bitamleek). The lease contracts outstanding at 31 December 2006 have lease terms in the range of 24-26 years.

6 OTHER ASSETS

| | 31 December 2006 |
|-----------------------------------|-----------------------------|
| Accrued lease rentals | 997 |
| Costs recoverable from customers | 2,646 |
| Deposits | 1,100 |
| Prepayments and other receivables | 11,405 |
| | 16,148 |

NOTES TO THE FINANCIAL STATEMENTS

for the period from 27 November 2005 to 31 December 2006

Bahraini dinars

7 FIXED ASSETS

| | Furniture and lease hold improvements | Computer and other equipment | Vehicles | Work in progress | 2006 Total |
|---|---|------------------------------------|---------------|---------------------|----------------|
| Cost | | | | | |
| At beginning of the period | - | - | - | - | - |
| Additions | 153,546 | 47,799 | 20,867 | 18,238 | 240,450 |
| At the end of the period | 153,546 | 47,799 | 20,867 | 18,238 | 240,450 |
| Accumulated depreciation | | | | | |
| At beginning of the period | - | - | - | - | - |
| Charge for the period | 2,559 | 1,700 | 2,435 | - | 6,694 |
| At the end of the period | 2,559 | 1,700 | 2,435 | - | 6,694 |
| Net book value at 31 December 2006 | 150,987 | 46,099 | 18,432 | 18,238 | 233,756 |

8 PAYABLES AND ACCRUED EXPENSES

| | 31 December 2006 |
|-------------------------------------|---------------------|
| Employee accruals | 48,164 |
| Other payables and accrued expenses | 117,465 |
| | 165,629 |

9 SHARE CAPITAL

| | 31 December 2006 |
|---|---------------------|
| Authorised: | |
| 10,000,000 ordinary shares of BD 1 each | 10,000,000 |
| Issued and fully paid up: | |
| 5,000,000 ordinary shares of BD 1 each | 5,000,000 |

NOTES TO THE FINANCIAL STATEMENTS
for the period from 27 November 2005 to 31 December 2006

Bahraini dinars

10 STAFF COSTS

| | 27 November 2005 to 31 December 2006 |
|-------------------------------|---|
| Salaries and related expenses | 153,307 |
| Social insurance expenses | 5,948 |
| | 159,255 |

11 OTHER OPERATING EXPENSES

| | 27 November 2005 to 31 December 2006 |
|-----------------------|---|
| Premises | 19,238 |
| Professional fees | 23,953 |
| Shari'a advisory fees | 3,683 |
| Board sitting fees | 18,400 |
| Others | 39,398 |
| | 104,672 |

12 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include the shareholders and entities over which the Company and the shareholders exercise significant influence, directors and executive management of the Company. The related party balances and transactions were as follows:

Balance sheet

| | 31 December 2006 |
|-------------------------------|-----------------------------|
| Bank balances | 1,481,279 |
| Payables and accrued expenses | 23,355 |

Income statement

| | 27 November 2005 to 31 December 2006 |
|---|---|
| Salaries and related expenses | 61,098 |
| Board sitting fees | 18,400 |
| Shari'a advisory fees | 3,683 |
| Reimbursement of expenses incurred by the shareholders on behalf of the Company | 36,900 |
| Other expenses | 7,150 |

NOTES TO THE FINANCIAL STATEMENTS

for the period from 27 November 2005 to 31 December 2006

Bahraini dinars

13 COMPLIANCE WITH SHARI'A RULES AND PRINCIPLES

The Company has appointed a Shari'a Advisor in accordance with the terms of its Articles of Association. The Shari'a Advisor reviews the Company's compliance with general Shari'a principles and issues fatwas, rulings and guidelines on specific matters. The review includes examination of evidence relating to the documentation and procedures adopted by the Company to ensure that its activities are conducted in accordance with Islamic Shari'a principles.

14 SOCIAL RESPONSIBILITY

The Company discharges its social responsibilities through donations to charitable causes and organisations.

15 MATURITY PROFILE

| 2006 | Up to 3 months | 3 to 6 months | 6 months-1 year | 1 to 3 years | Over 3 years | Total |
|-------------------------------|------------------|---------------|-----------------|---------------|----------------|------------------|
| Assets | | | | | | |
| Cash and bank balances | 1,481,511 | - | - | - | - | 1,481,511 |
| Murabaha receivables | 3,020,651 | - | - | - | - | 3,020,651 |
| Assets acquired for leasing | 2,524 | 2,524 | 5,048 | 20,192 | 224,304 | 254,592 |
| Other Assets | 5,700 | 2,192 | 1,737 | 5,945 | 574 | 16,148 |
| Fixed Assets | - | - | - | - | 233,756 | 233,756 |
| Total assets | 4,510,386 | 4,716 | 6,785 | 26,137 | 458,634 | 5,006,658 |
| Liabilities | | | | | | |
| Payables and accrued expenses | 156,987 | - | 6,339 | - | 2,303 | 165,629 |
| Total liabilities | 156,987 | - | 6,339 | - | 2,303 | 165,629 |

16 CONCENTRATION OF ASSETS AND LIABILITIES*Industry sector*

The Company's assets acquired for leasing have exposure to the real estate sector. Bank balances and murabaha receivables are placed with banks and financial institutions. Other assets, equipment and liabilities are within other sectors.

Geographic sector

The majority of the Company's assets and liabilities are concentrated in the Kingdom of Bahrain.

NOTES TO THE FINANCIAL STATEMENTS
for the period from 27 November 2005 to 31 December 2006

Bahraini dinars

17 COMMITMENTS

The Company had the following commitments as at 31 December 2006:

Assets acquired for leasing
 Purchase of equipment

| 31 December 2006 |
|---------------------|
| 1,594,650 |
| 76,117 |

18 RISK MANAGEMENT

The Company's exposure to risks and its approach to managing these risks are discussed below.

a) Credit risk

Credit risk is the risk that a counterparty to a financial transaction does not discharge its obligations on due dates and cause the other party to incur a financial loss. The Company's credit risk arises mainly from the Murabaha receivables and receivable of future Ijarah rentals.

Murabaha receivables are placed with highly reputed and credit worthy financial institutions. In case of Ijarah rentals, the Company has well defined policies for managing credit risks that ensure that risks are accurately assessed, properly approved and regularly monitored. Formal credit limits are applied at counterparty and single obligor level. Overall exposures are also evaluated to ensure a broad diversification of risk by setting concentration limits by geography and industry.

b) Concentration risk

Concentration risk arises when a number of counterparties are engaged in similar economic activities or activities in the same geographic region or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The Company seeks to manage its concentration risk by establishing geographic, industry and customer-wise concentration limits (refer note 16).

c) Liquidity risk

Liquidity risk is defined as the risk that the Company will not have funds and will not be available to meet liabilities as they fall due. The Company uses a maturity ladder approach for managing and monitoring the liquidity risk. It is the Company's policy to keep a significant part of its assets in highly liquid assets such as short-term commodity Murabahas.

The maturity profile of assets and liabilities is set out in note 15.

d) Profit rate risk

Profit rate risk arises due to different timing of re-pricing of the Company's assets and liabilities. The Company's profit rate sensitive assets are mainly murabaha receivables and assets acquired for leasing. The Company's exposure to profit rate risk is considered to be limited due to the short term nature of murabaha receivables and the terms of lease payments for assets acquired for leasing are such that they can be re-priced periodically.

e) Currency risk

The Company is not exposed to currency risks as all of the transactions are either in Bahraini dinars or in currencies which are pegged to the Bahraini dinars.

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
for the period from 27 November 2005 to 31 December 2006

**THE FOLLOWING UNAUDITED PROFORMA BALANCE SHEET AND INCOME
STATEMENT AS PER INTERNATIONAL FINANCIAL REPORTING STANDARDS DO NOT
FORM PART OF THE FINANCIAL STATEMENTS**

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS
for the period from 27 November 2005 to 31 December 2006

Bahraini dinars

Unaudited proforma balance sheet and income statement as per IFRS

BALANCE SHEET**ASSETS**

| | |
|-----------------------------|-----------|
| Cash and bank balances | 1,481,511 |
| Murabaha receivables | 3,020,651 |
| Lease financing receivables | 254,904 |
| Other assets | 16,148 |
| Fixed assets | 233,756 |

Total assets**5,006,970****LIABILITIES**

| | |
|-------------------------------|---------|
| Payables and accrued expenses | 165,629 |
|-------------------------------|---------|

Total liabilities**165,629****EQUITY**

| | |
|--------------------|-----------|
| Share capital | 5,000,000 |
| Accumulated losses | (158,659) |

Total equity**4,841,341****Total liabilities and equity****5,006,970****INCOME STATEMENT**

| | |
|----------------------------------|---------|
| Lease financing income | 901 |
| Fee income | 4,350 |
| Income from murabaha receivables | 23,870 |
| Income from mudaraba investments | 211,811 |
| Other income | 225 |

Total income**241,157**

| | |
|------------------------------|---------|
| Staff costs | 159,255 |
| Marketing expenses | 112,195 |
| Pre-incorporation expenses | 17,000 |
| Other operating expenses | 104,672 |
| Depreciation on fixed assets | 6,694 |

Total expenses**399,816****LOSS FOR THE PERIOD****(158,659)**