

Draft

CREDIT SUISSE 

PROJECT FURIA
Material prepared for discussion
19 January 2011

Confidential

These materials may not be used or relied upon for any purpose other than as specifically contemplated by a written agreement with Credit Suisse.



Memorandum

To the attention of:

Dunviro Ventures S.L.
Balsa 13-16
28033 Madrid
Spain

Project Furia

As financial advisor to Dunviro Ventures S.L. ("Dunviro") with respect to the disposal of Dunviro's stake in Real Racing Club de Santander ("Racing"), Credit Suisse AG ("CS") has been in contact with a number of potential interested investors ("Project Furia").

Among others, we have been in contact with Mr Ahsan Ali Syed, majority shareholder and Chairman and Managing Director of Western Gulf Advisory B.S.C. ("WGA").

The Financial Statements of WGA for the year ended 31 December 2009 are attached to this Memorandum. The Financial Statements have been audited by independent auditing firm BDO.

From a review of the 2009 Financial Statements, it emerges that Mr Ahsan Ali Syed owns 90% of WGA. WGA had an equity value of approx. US\$ 103m (of which retained earnings of approx. US\$ 102m) as of 31 December 2009.

From the notes to the accounts it appears that Mr Ahsan Ali Syed has introduced US\$ 1,089m as a loan to WGA to finance the investment activities of WGA. Loan repayments are due by July 2018 and July and October 2019. Funds available for investment amounted to US\$ 850m as of 31 Dec. 2009.

The 2009 Financial Statements attached to this Memorandum were obtained through publicly available sources.

CS assumes no responsibility for independent verification of such information and has relied on such information being complete and accurate in all material respects.

CS does not make any representation or warranty, expressed or implied, as to the accuracy or completeness of the information attached to this Memorandum.

We also attach an international news run over the last twelve months related to WGA and Mr Ahsan Ali Syed.

Sebastian Schaefer
Director



Alberto Tavecchio
Director





Attachment A
2009 Financial Statements

Western Gulf Advisory B.S.C (c)
Financial Statements
for the year ended 31 December 2009

Western Gulf Advisory H.S.C (c)
Financial statement for the year ended 31 December 2009

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**WESTERN GULF ADVISORY D.S.C (c)
DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2009**

On behalf of the Board of Directors of Western Gulf Advisory, it gives me immense pleasure to present to you our report and the audited financial statements for the year ended 31 December 2009.

Principal Activities

With effect from 28 October 2009, the legal status of the company has been changed to a closed Bahraini Shareholding Company. The legal formalities to give effect to these changes have been completed.

The principal activities of the Company are to provide technical and technological advice and conducting studies, to provide advice and information to business firms, to promote Bahrain and top investments, to sell and buy properties, to sell and buy shares and securities for the company only and to act as commission agents.

Financial Performance

During the year 2009, Western Gulf Advisory earned a Net Profit of US\$ 92.1 million, an unprecedented growth of 777% over the corresponding Net Profit of US\$ 10.5 million in the previous period, which is a sheer reflection of dedication towards our clients, business associates and partners. Revenues for the year were US\$ 94 million, a growth of 710% over the Revenues of US\$ 11.6 million registered in the previous period. The growth in revenues and profits is primarily attributed to the increase in advisory fee income by approximately US\$ 72 million.

Dividends and Appropriations

1. The profit for the year has been transferred to Retained Earnings.
2. Directors do not propose any dividend for the year ended 31 December 2009.

Auditors

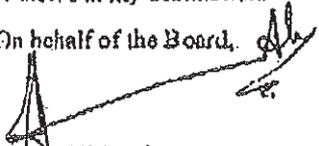
A resolution proposing the reappointment of BDO as the auditor of the Company for the year ending 31 December 2010 and authorizing the Directors to fix their remuneration will be put to the Annual General Meeting.

Future Outlook

Western Gulf Advisory has continued to benefit from its unique corporate philosophy, and it is my firm belief that our conservative approach, along with our dedicated professional team is what has led us to this level of success in this short span of time. Credit for our achievements also goes to our clients and business associates, who has been a proverbial backbone to the Company.

Although we have come a long way, we have barely achieved 1% of our vision, and it's a long journey ahead. In this world of business, I would say I am akin to a traveler and have yet to arrive at my destination.

On behalf of the Board,


Ahsan Ali Syed
Chairman & Managing Director
7 January 2010

Western Gulf Advisory B.S.C (c)
Administration and contact details as at 31 December 2009

Commercial registration no. 67761 obtained on 11 February 2008

Directors **Ahisan Ali Syed** • Chairman and Managing Director
 Ghazi Mubarak Al Mulood • Director

Registered office P.O Box 75999
 Al Seef
 Manama
 Kingdom of Bahrain

Banker Abli United Bank

Auditors BDO
 PO Box 787
 5th Floor, UGB Tower
 Diplomatic Area
 Manama
 Kingdom of Bahrain



Tel: +973 3753 0077
Fax: +973 3753 0088
www.bdo.bh

PO Box 787
Manama
Kingdom of Bahrain

Independent auditors' report to the shareholders of Western Gulf Advisory B.S.C (c)

Report on the financial statements

We have audited the accompanying financial statements of Western Gulf Advisory B.S.C (c) ("the Company"), which comprise the statement of financial position as at 31 December 2009, the statement of comprehensive income, the statement of changes in shareholders' equity and the statement of cash flows for the year then ended, and notes to the financial statements incorporating the significant accounting policies.

Director's responsibility for the financial statements

The Directors of the Company are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. These standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

Further, as required by the Bahrain Commercial Companies Law, Decree Number 21 of 2001, we report that:

- (1) we have obtained all the information we considered necessary for the purpose of our audit;
- (2) the Company has maintained proper books of account and the financial statements are in agreement therewith; and
- (3) the financial information included in the Directors' report is consistent with the books of account of the Company.

In addition, we report that nothing has come to our attention which causes us to believe that the Company has breached any of the applicable provisions of the Bahrain Commercial Companies Law, Decree Number 21 of 2001, or of its Memorandum and Articles of Association, which would materially affect its activities, or its financial position as at 31 December 2009.

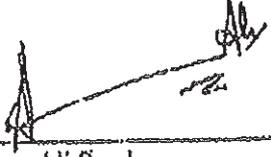
Manama, Kingdom of Bahrain
7 January 2010

04636/101

Western Gulf Advisory D.S.C (c)
 Statement of financial position at 31 December 2009
 (Expressed in United States Dollars)

	Notes	2009	2008
ASSETS			
Non-current assets			
Plant and equipment	4	79,537	43,689
Long term loans	5	186,000,000	-
		<u>186,079,537</u>	<u>43,689</u>
Current assets			
Current portion of long term loans	5	53,000,000	53,000,000
Other receivables	6	102,416,620	11,001,287
Funds available for investment	7	850,000,000	-
Cash and bank balances	8	286,468	21,040
		<u>1,005,703,088</u>	<u>64,022,327</u>
Total assets		<u>1,191,782,625</u>	<u>64,066,016</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	9	664,894	53,191
Partners' current account		-	391,455
Statutory reserve	10	332,447	26,596
Retained earnings		<u>101,671,261</u>	<u>10,478,351</u>
		<u>102,668,602</u>	<u>10,949,593</u>
Non-current liabilities			
Loan from a related party	11	1,089,000,000	53,000,000
Employees' terminal benefits	12	7,285	1,782
		<u>1,089,007,285</u>	<u>53,001,782</u>
Current liabilities			
Other payables	13	106,738	114,641
Total equity and liabilities		<u>1,191,782,625</u>	<u>64,066,016</u>

These financial statements, set out on pages 5 to 19, were approved for issue by the Board of Directors on 27th January 2010 and signed on its behalf by:


 Ahsan Ali Syed
 Chairman and Managing Director


 Ghazi Mubarak Al Malood
 Director

Western Gulf Advisory D.S.C (e)
 Statement of comprehensive income for the year ended 31 December 2009
 (Expressed in United States Dollars)

	Notes	Year ended 31 December 2009	Period from 11 February 2008 to 31 December 2008
Revenue	14&15	<u>93,958,326</u>	<u>11,604,074</u>
Expenses			
Staff costs	15	(607,349)	(974,282)
General and administrative expenses		(1,225,557)	(718,561)
Depreciation	4	<u>(14,956)</u>	<u>(6,284)</u>
		<u>(1,847,862)</u>	<u>(1,099,127)</u>
Net profit and total comprehensive income for the year/period transferred to retained earnings		<u>92,110,464</u>	<u>10,504,947</u>

Western Gulf Advisory B.S.C (c)
Statement of changes in shareholder's equity for the year ended 31 December 2009
(Expressed in United States Dollars)

	Notes	Share capital	Partners' current account	Statutory reserve	Retained earnings	Total
Share capital introduced by the Partners	9	53,191	-	-	-	53,191
Movement in partners' current account		-	391,455	-	-	391,455
Total comprehensive income for the period		-	-	-	10,604,947	10,604,947
Transferred to statutory reserve		-	-	26,596	(26,596)	-
At 31 December 2008		<u>53,191</u>	<u>391,455</u>	<u>26,596</u>	<u>10,478,351</u>	<u>10,949,593</u>
At 1 January 2009		53,191	391,455	26,596	10,478,351	10,949,593
Addition to share capital	9	611,703	-	-	(611,703)	-
Net movement from partners' current account		-	(391,455)	-	-	(391,455)
Transferred to statutory reserve	10	-	-	305,891	(305,891)	-
Total comprehensive income for the year		-	-	-	92,110,464	92,110,464
At 31 December 2009		<u>664,894</u>	<u>-</u>	<u>332,487</u>	<u>101,671,761</u>	<u>102,668,602</u>

Western Gulf Advisory B.S.C (c)
 Statement of cash flows for the year ended 31 December 2009
 (Expressed in United States Dollars)

	Notes	Year ended 31 December 2009	Period from 11 February 2008 to 31 December 2008
Operating activities			
Net profit for the year/period		92,110,464	10,504,947
Adjustments for:			
Depreciation	4	14,956	6,284
Changes in operating assets and liabilities:			
Other receivables		(91,415,333)	(11,001,287)
Other payables		(7,903)	114,641
Employees' terminal benefits, net		5,503	1,782
Net cash provided by/(used in) operating activities		<u>707,687</u>	<u>(373,633)</u>
Investing activities			
Purchase of plant and equipment	4	<u>(30,804)</u>	<u>(49,973)</u>
Net cash used in investing activities		<u>(30,804)</u>	<u>(49,973)</u>
Financing activities			
Share capital introduced		-	53,191
Movement in partners' current account		<u>(391,455)</u>	<u>391,455</u>
Net cash (used in)/provided by financing activities		<u>(391,455)</u>	<u>444,646</u>
Net increase in cash and cash equivalents		265,428	21,040
Cash and cash equivalents, beginning of the year/period		<u>21,040</u>	<u>-</u>
Cash and cash equivalents, end of the year/period		<u>286,468</u>	<u>21,040</u>

Note

The funding and granting of long term loans is excluded from the cash flow statement as these transactions did not involve the physical flow of cash through the company.

Western Gulf Advisory B.S.C (c)
Notes to the financial statements for the year ended 31 December 2009
(Expressed in United States Dollars)

1 Organisation and activities

Western Gulf Advisory was registered as a limited liability company with the Ministry of Industry and Commerce in the Kingdom of Bahrain under commercial registration number 67761 obtained on 11 February 2008.

With effect from 28 October 2009, the legal status of the company has been changed to a closed Bahraini Shareholding Company. The legal formalities to give effect to these changes have been completed.

The principal activities of the Company are to provide technical and technological advice and conducting studies, providing advice and information to business firms, to promoting Bahrain and top investments, to sell and buy properties, to sell and buy shares and securities for the company only and acting as commission agents.

The registered office of the Company is in the Kingdom of Bahrain.

2 Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") as promulgated by the International Accounting Standards Board ("IASB"), interpretations issued by the Financial Reporting Interpretations Committee ("IFRIC") and the requirements of the Bahrain Commercial Companies Law, Decree Number 21 of 2001.

Basis of presentation

The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies.

Critical accounting judgements

Management has judged all balance sheet assets to be fully recoverable from counter parties.

Western Gulf Advisory B.S.C (c)
 Notes to the financial statements for the year ended 31 December 2009
 (Expressed in United States Dollars)

2 Basis of preparation (continued)

Standards, amendments and interpretations effective and adopted in 2009

The following new standards, amendments to standards or interpretations are mandatory for the first time for the financial year beginning 1 January 2009 and have been adopted in the preparation of these financial statements:

IAS 1 (revised), 'Presentation of financial statements' effective 1 January 2009: Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

The Company has elected to present one statement: a statement of comprehensive income. The interim financial statements have been prepared under the revised disclosure requirements.

Standards, amendments and interpretations effective in 2009 but not relevant

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2009, but are not relevant to the Company's operations:

Standard or Interpretation	Title	Effective for annual period beginning on or after
IAS 23	<i>Borrowing Costs</i>	1 January 2009
IAS 27	<i>Consolidated and Separate Financial Statements</i>	1 January 2009
IAS 32	<i>Financial Instruments: Presentation</i>	1 January 2009
IAS 39	<i>Financial Instruments Recognition and Measurement</i>	1 July 2009
IFRS 4	<i>Sharia-based Payment (revised)</i>	1 January 2009
IFRS 7	<i>Financial Instruments Disclosures</i>	1 January 2009
IFRS 8	<i>Operating Segments</i>	1 January 2009
IFRIC 15	<i>Agreement for the Construction of Real Estate</i>	1 January 2009

Western Gulf Advisory B.S.C (c)
 Notes to the financial statements for the year ended 31 December 2009
 (Expressed in United States Dollars)

2 Basis of preparation (continued)

Standards, amendments and interpretations issued but not yet effective in 2009

The following IFRS and IFRIC interpretations issued/revised as at 1 January 2009 have not been early adopted by the Company's management:

Standard or Interpretation	Title	Effective for annual period beginning on or after
IFRS 3	Business Combinations	1 July 2009
IFRIC 17	Distributions of non-cash assets to owners	1 July 2009
IFRIC 18	Transfers of assets from customers	1 July 2009

Functional currency

Although the Company's share capital is denominated in Bahrain Dinars, the Company's functional currency is United States Dollar. Accordingly, Company has prepared financial statements both in United States Dollars and Bahraini Dinars. These financial statements are the United States Dollars version.

3 Significant accounting policies

Plant and equipment

Plant and equipment are stated at cost, less accumulated depreciation. Cost includes all costs directly attributable to bringing the asset to working condition for its intended use.

Depreciation is calculated on the straight-line method to write-off the cost of plant and equipment to their estimated residual values, over their expected useful lives, as follows:

Furniture and fixtures	5 years
Computers	3 years
Office equipment	5 years
Motor vehicles	5 years

Gains and losses on disposal of plant and equipment are determined by reference to their carrying amount and are taken into account in determining net profit.

Repairs and renewals are charged to the statement of income when the expenditure is incurred.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written-down immediately to its recoverable amount.

Western Gulf Advisory B.S.C (c)
Notes to the financial statements for the year ended 31 December 2009
(Expressed in United States Dollars)

3 Significant accounting policies (continued)

Other receivables

Other receivables are carried at their anticipated realisable values. An estimate is made for impaired receivables based on a review of all outstanding amounts at the year-end. Impaired receivables are written-off during the year in which they are identified.

Loans

Loans are accounted for on drawn-down of facilities and are stated at the lower of cost or net realisable value. Loan facilities granted are disclosed as future commitments in the notes to the accounts.

Employee Terminal benefits

Employee benefits and entitlements to annual leave, holiday, air passage and other short-term benefits are recognised as they accrue to the employees. The Company contributes to the pension scheme for Bahraini nationals administered by the Social Insurance Organisation in the Kingdom of Bahrain. This is a defined contribution pension plan and the Company's contributions are charged to the statement of income in the year to which they relate. In respect of this plan, the Company has a legal obligation to pay the contributions as they fall due and no obligation exists to pay the future benefits.

The expatriate employees of the Company are paid leaving indemnity in accordance with the provisions of the Bahrain Labour Law. The Company accrues for its liability in this respect on an annual basis.

Provisions

The Company recognises provisions when it has a present legal or constructive obligation to transfer economic benefits as a result of past events and a reasonable estimate of the obligation can be made.

Revenue recognition

Revenues earned by the Company are recognised on an accruals basis or when the right to receive payment is established. Income from advisory services and retainerhip fees is recognised based on the contractual terms between the parties.

Foreign currency transactions

Foreign currency transactions are accounted for at the rates of exchange prevailing at the dates of the transactions. Gains and losses arising from the settlement of such transactions and from the translation, at the period-end rates, of monetary assets and liabilities denominated in foreign currencies, are recognised in the statement of income.

Western Gulf Advisory N.S.C.(c)
 Notes to the financial statements for the year ended 31 December 2009
 (Expressed in United States Dollars)

3 Significant accounting policies (continued)

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash on-hand and bank balances.

4. Plant and equipment

	Furniture and fishgear	Computers	Office equipment	Motor vehicles	Total
<u>Cost:</u>					
At 1 January 2009	34,189	4,255	11,529	-	49,973
Additions	<u>2,146</u>	<u>2,763</u>	<u>12,946</u>	<u>27,949</u>	<u>50,804</u>
At 31 December 2009	<u>41,335</u>	<u>7,018</u>	<u>24,475</u>	<u>27,949</u>	<u>100,777</u>
<u>Accumulated depreciation</u>					
At 1 January 2009	4,162	902	1,220	-	6,284
Change for the year	<u>7,628</u>	<u>1,926</u>	<u>3,625</u>	<u>1,777</u>	<u>14,956</u>
At 31 December 2009	<u>11,790</u>	<u>2,828</u>	<u>4,845</u>	<u>1,777</u>	<u>31,240</u>
<u>Net book amount</u>					
At 31 December 2009	<u>29,545</u>	<u>4,190</u>	<u>19,630</u>	<u>26,172</u>	<u>79,511</u>
At 31 December 2008	<u>10,027</u>	<u>3,353</u>	<u>10,309</u>	-	<u>33,689</u>

The Company operates from premises leased at a monthly rent of US\$6,766 (2008: US\$6,766).

5 Long term loans

	31 December 2009	31 December 2008
Loans advanced	<u>239,000,000</u>	<u>53,000,000</u>
Current portion of loans advanced	<u>53,000,000</u>	<u>53,000,000</u>
Non-current portion of loans advanced	<u>186,000,000</u>	<u>-</u>

The non-current portion of loans advanced represents amount receivable after 3 years based on the agreement entered with the party.

Western Gulf Advisory B.S.C (c)
 Notes to the financial statements for the year ended 31 December 2009
 (Expressed in United States Dollars)

6 Other receivables	<u>31 December</u> 2009	<u>31 December</u> 2008
Amounts due from a related party (Note 15)	94,709,021	10,846,899
Advances and other receivables	<u>7,707,599</u>	<u>154,388</u>
	<u>102,416,620</u>	<u>11,001,287</u>

Amounts due from a related party are unsecured, bear no interest, have no fixed repayment terms and are authorised by the management.

7 Funds available for investment

Funds totalling to US\$850,000,000 have been made available by a shareholder for investment. As at 31 December 2009, the Company has entered into 2 senior debt facility agreements whereby line of credit totalling US\$500,000,000 have been extended to counterparties. The residual US\$350,000,000 is uncommitted at the balance sheet date.

8 Cash and bank balances	<u>31 December</u> 2009	<u>31 December</u> 2008
Current account balances with banks	275,992	7,979
Cash on hand	<u>10,476</u>	<u>13,061</u>
	<u>286,468</u>	<u>21,040</u>

The current balances with banks are non-interest bearing.

9 Share capital

	<u>31 December</u> 2009	<u>31 December</u> 2008
Authorised:		
2,500,000 ordinary shares of BD1 each (2008: 200 ordinary shares of BD100 each)	<u>BD2,500,000</u>	<u>BD20,000</u>
Issued and fully paid-up:		
250,000 ordinary shares of BD1 each (2008: 200 ordinary shares of BD100 each)	<u>BD250,000</u>	<u>BD20,000</u>
US\$ equivalent	<u>US\$664,894</u>	<u>US\$43,191</u>

Western Gulf Advisory B.S.C (c)
 Notes to the financial statements for the year ended 31 December 2009
 (Expressed in United States Dollars)

9 Share capital (continued)

Additional information on Shareholding Pattern

The shareholding pattern of the company is as follows:

	Number of shares	Amount	Percentage of Ownership interest
Ahsan Ali Syed	225,000	BD225,000	90%
K Company WLL	25,000	BD 25,000	10%
	<u>250,000</u>	<u>BD250,000</u>	<u>100%</u>

During the year the Share Capital of the Company has been increased by US\$611,703 by way of a transfer from the retained earnings.

10 Statutory reserve

Under the provisions of the Bahrain Commercial Companies Law, an amount equivalent to 10% of the Company's net profit for the year is required to be transferred to a non-distributable statutory reserve. Such transfers may cease when the statutory reserve equals 50% of the Company's issued share capital. During the year, the Company has transferred an amount of US\$305,851 to the statutory reserve for the year ended 31 December 2009 (2008: US\$26,596).

11 Loan from a related party

Loan from a related party represents amounts introduced by one of the shareholders of the Company to finance the investment activities of the Company. (Note 14)

Loan repayments are due as follows:

Year of repayment	31 December 2009	31 December 2008
July 2018	53,000,000	53,000,000
July 2019	186,000,000	-
October 2019	<u>850,000,000</u>	-
	<u>1,089,000,000</u>	<u>53,000,000</u>

Loans are unsecured and bear no interest.

Western Gulf Advisory B.S.C (c)
 Notes to the financial statements for the year ended 31 December 2009
 (Expressed in United States Dollars)

12 Employees' terminal benefits

Local employees

The contributions made by the Company towards the pension scheme for Bahraini nationals administered by the General Organisation for Social Insurance in the Kingdom of Bahrain for the year ended 31 December 2009 amounted to US\$2,593 (2008 : US\$ Nil).

Expatriate employees

The movement in leaving indemnity liability applicable to expatriate employees is as follows:

	31 December <u>2009</u>	31 December <u>2008</u>
At 1 January	1,782	-
Accruals for the year/period	<u>5,503</u>	<u>1,782</u>
At 31 December	<u>7,285</u>	<u>1,782</u>

Number of staff

The number of staff employed by the Company at 31 December 2009 was 11 (2008: 9).

13 Other payables

	31 December <u>2009</u>	31 December <u>2008</u>
Accruals and other payables	78,812	78,737
Deferred revenue	<u>27,926</u>	<u>35,904</u>
	<u>106,738</u>	<u>114,641</u>

14 Revenue

Revenue comprises advisory fees, franchise fees, retainership fees and other income.

	31 December <u>2009</u>	31 December <u>2008</u>
Advisory fees	82,939,515	10,718,218
Franchise fees	10,000,000	-
Retainership fees	850,745	588,604
Other income	<u>168,066</u>	<u>297,252</u>
	<u>93,958,326</u>	<u>11,604,074</u>

Western Gulf Advisory B.S.C (c)
 Notes to the financial statements for the year ended 31 December 2009
 (Expressed in United States Dollars)

15 Related party transactions and balances

Related parties comprise the Shareholders, their close family members and businesses under their control. The Company's transactions with related parties are authorised by the management.

A summary of the significant related party transactions are as follows:

	31 December 2009	Period from 11 February 2008 to 31 December 2008
Income (included under revenue)	<u>83,017,250</u>	<u>10,914,048</u>
Managerial remuneration (included under staff costs)	<u>319,149</u>	<u>292,553</u>

A summary of the related party balances is as follows:

	31 December 2009	31 December 2008
<i>Amounts due from a related party (Note 6)</i>		
Ahsan Ali Syed	<u>94,709,021</u>	<u>10,836,899</u>
<i>Loan from a related party (Note 11)</i>		
Ahsan Ali Syed	<u>1,089,000,000</u>	<u>53,000,000</u>

16 Dividends proposed

The Board of Directors has not proposed any dividend for the year ended 31 December 2009.

17 Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	31 December 2009	31 December 2008
Not later than 1 year	18,811	81,101
Later than 1 year but not later than 5 years	-----	13,532
	<u>18,811</u>	<u>24,723</u>

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18 Financial assets and liabilities and risk management

Financial assets and liabilities carried on the balance sheet include long term loans, cash and bank balances, other receivables, other payables and a loan from a related party. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

Risk management is carried out by the Finance Department of the Company under policies approved by the management. The Company's Finance Department evaluates and manages financial risks in close co-operation with the Company's operating units. The management provide principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate, credit risk and investment of excess liquidity.

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise owner's value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies and processes during the year ended 31 December 2009.

The Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, the loan from a related party, employees' terminal benefits, and other payables less cash and bank balances. Capital includes share capital and reserves attributable to shareholders' of the Company.

	31 December 2009	31 December 2008
Loan from a related party	1,089,000,000	53,000,000
Other payables	106,738	114,641
Employees' terminal benefits	7,285	1,782
Less: cash and bank balances	<u>(286,468)</u>	<u>(21,040)</u>
Net debt	<u>1,088,827,555</u>	<u>53,095,383</u>
Share capital	664,894	53,191
Partner's current account	-	391,455
Statutory reserve	332,447	26,596
Retained earnings	<u>101,671,261</u>	<u>10,478,351</u>
Total capital	<u>102,668,602</u>	<u>10,949,593</u>
Total capital and net debt	<u>1,191,496,157</u>	<u>64,044,976</u>
Gearing ratio	<u>91.38%</u>	<u>82.90%</u>

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18 Financial assets and liabilities and risk management (continued)

Credit risk is the risk that one party will fail to discharge an obligation and cause the other party to incur a financial loss. Loans are monitored to ensure compliance with loan agreements, and are supported by personal guarantees, where appropriate. Cash is placed with national banks with good credit ratings. Management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Company's trade receivables.

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company's borrowings from a related party bear no interest. The Company's other assets and liabilities are not sensitive to interest rate risk.

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

Liquidity risk is managed by monitoring on a regular basis to help ensure that sufficient funds are available, including unutilised credit facilities, to meet all liabilities as they fall due.

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arm's length transaction.

The fair values of the Company's financial assets and liabilities are not materially different from their carrying amounts.

19 Subsequent events

We have reviewed the subsequent events and no events have arisen that would have a significant effect on the financial statements as at 31 December 2009.

20 Comparative figures

The statement of comprehensive income, cash flows and related notes for the year ended 31 December 2009 are not comparable with the prior period figures because the prior period figures were from the period from 11 February 2008 to 31 December 2008. Also, certain comparative balances have been reclassified, wherever necessary, to conform with the presentation adopted at 31 December 2009.