

DILMUNIA DEVELOPMENT FUND I L.P.

INTERIM FINANCIAL INFORMATION

30 JUNE 2011

Commercial registration	:	MC 22172
Registered office	:	M&C Corporate Services Limited, PO Box 309GT, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands.
General Partner	:	Ithmaar-Dilmunia General Partner Company Limited
Manager	:	Ithmaar Bank B.S.C
Developer	:	Ithmaar Development Company Limited
Bankers	:	Ithmaar Bank B.S.C
Auditors	:	KPMG

Dilmunia Development Fund I L.P.

INTERIM FINANCIAL INFORMATION
for the six months ended 30 June 2011

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INDEPENDENT AUDITORS' REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

To
The General Partner
Dilmunia Development Fund I L.P.
Cayman Islands

9 October 2011

Introduction

We have reviewed the accompanying condensed statement of financial position of Dilmunia Development Fund I L.P. (the "Partnership") as at 30 June 2011, and the condensed statements of comprehensive income, changes in equity and cash flows for the six month period then ended (the "interim financial information"). The General Partner is responsible for the preparation and presentation of this interim financial information in accordance with *IAS 34 - Interim Financial Reporting*. Our responsibility is to express a conclusion on this 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 interim financial information is not prepared, in all material respects, in accordance with *IAS 34 - Interim Financial Reporting*.

KPMG

CONDENSED STATEMENT OF FINANCIAL POSITION
 as at 30 June 2011

USD

	Note	30 June 2011 (reviewed)	31 December 2010 (audited)
Assets			
Cash and cash equivalents		32,076,982	32,993,210
Development properties	4	146,151,786	145,915,792
Total assets		178,228,768	178,909,002
Equity			
Partnership capital		185,000,000	185,000,000
Accumulated losses		(11,797,753)	(11,512,179)
Total equity (page 4)		173,202,247	173,487,821
Liabilities			
Related party payables	5	3,490,803	3,523,441
Advances from customers		1,535,718	1,535,718
Other liabilities		-	362,022
Total liabilities		5,026,521	5,421,181
Total equity and liabilities		178,228,768	178,909,002

The interim financial information, consisting of pages 2 to 9, was approved by the General Partner, on 21 September 2011, and was signed on its behalf by the Board of Directors of the General Partner:



Khalid Abdullah-Janahi
Chairman



Mohammed Khalil Alsayed
Director

CONDENSED STATEMENT OF COMPREHENSIVE INCOME
for the six months ended 30 June 2011

USD

	Note	Six months ended 30 June 2011 (reviewed)	Six months ended 30 June 2010 (reviewed)
Income from short term placements	5	49,131	106,180
Total income		49,131	106,180
Management fees	5	-	1,387,500
Marketing and advertising expenses		203,144	268,924
Consultancy expenses		103,387	-
Other expenses		28,174	6,517
Total expenses		334,705	1,662,941
Loss for the period		(285,574)	(1,556,761)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the period		(285,574)	(1,556,761)

The interim financial information, consisting of pages 2 to 9, was approved by the General Partner, on 21 September 2011, and was signed on its behalf by the Board of Directors of the General Partner:



Khalid Abdullah-Janahi
Chairman



Mohammed Khalil Alsayed
Director

CONDENSED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 June 2011

USD

30 June 2011 (reviewed)

Balance at 1 January 2011
 Total comprehensive income for the period

Balance at 30 June 2011

Partnership capital	Accumulated losses	Total
185,000,000	(11,512,179)	173,487,821
-	(285,574)	(285,574)
185,000,000	(11,797,753)	173,202,247

30 June 2010 (reviewed)

Balance at 1 January 2010
 Total comprehensive income for the period

Balance at 30 June 2010

Partnership capital	Accumulated losses	Total
185,000,000	(8,903,101)	176,096,899
-	(1,556,761)	(1,556,761)
185,000,000	(10,459,862)	174,540,138

The interim financial information consists of pages 2 to 9.

CONDENSED STATEMENT OF CASH FLOWS
 for the six months ended 30 June 2011

USD

	Six months ended 30 June 2011 (reviewed)	Six months ended 30 June 2010 (reviewed)
Operating activities		
Payments for development costs	(235,994)	(4,552,945)
Payments to related parties	(32,638)	-
Payments for expenses	(696,727)	-
Cash flows from operating activities	(965,359)	(4,552,945)
Investing activities		
Income from short-term placements	49,131	106,180
Cash flows from investing activities	49,131	106,180
Decrease in cash and cash equivalents	(916,228)	(4,446,765)
Cash and cash equivalents at beginning of the period	32,993,210	44,673,158
Cash and cash equivalents at end of the period	32,076,982	40,226,393

The interim financial information consists of pages 2 to 9.

NOTES TO THE INTERIM FINANCIAL INFORMATION
for the six months ended 30 June 2011

1 STATUS AND ACTIVITIES

Dilmunia Development Fund I L.P. (the "Partnership") is an exempted limited partnership formed and registered under the laws of the Cayman Islands. The General Partner in the Partnership is Ithmaar Dilmunia General Partner Company Limited (the "General Partner"). The structure of the Partnership does not require any financial contribution by the General Partner.

The Partnership has been formed to acquire approximately 650,000 square meters of land (the "Land") and sell the Land in parcels. The Land is part of a project in Bahrain, Health Island – Dilmunia Project.

The Partnership is managed by Ithmaar Bank B.S.C. (the "Fund Manager"), incorporated in the Kingdom of Bahrain in accordance with the terms of Management Agreement. Ithmaar Development Company Limited, a company incorporated in the Cayman Islands, has been appointed as Developer for development of infrastructure on the land.

2 BASIS OF PREPARATION

The interim financial information has been prepared in condensed form in accordance with International Accounting Standard *IAS 34, Interim Financial Reporting*. The interim financial information does not include all of the information required for full annual financial statements, and should be read in conjunction with the audited financial statements of the Partnership for the year ended 31 December 2010.

The accounting policies and methods of computation applied by the Partnership in the preparation of the interim financial information are consistent with those applied in the preparation of the audited financial statements for the year ended 31 December 2010, except for the changes arising from adoption of relevant revised IFRS, amendments and interpretation issued by IASB that are effective for annual reporting periods beginning 1 January 2011. The adoption of these standards did not have any impact on the interim financial information.

The Partnership's financial risk management objectives and policies are consistent with those disclosed in the audited financial statements for the year ended 31 December 2010.

- 3** The interim financial information is not audited but has been reviewed by KPMG. The comparatives for the condensed statement of financial position have been extracted from the audited financial statements for the year ended 31 December 2010. The corresponding figures for the condensed statements of comprehensive income, cash flows, and changes in equity have been extracted from the reviewed interim financial information for the six months ended 30 June 2010.

NOTES TO THE INTERIM FINANCIAL INFORMATION
for the six months period ended 30 June 2011

USD

4 DEVELOPMENT PROPERTIES

Development properties represents land held by the Partnership for development and sale in the ordinary course of business, and is carried at the lower of cost and estimated net realizable value. Estimated net realisable value is the estimated selling price in the ordinary course of operations of the Partnership, less estimated development expenses.

	30 June 2011 (reviewed)	31 December 2010 (audited)
Land	134,585,503	134,585,503
Development costs	11,566,283	11,330,289
	146,151,786	145,915,792

The title deed of the Land is registered in the name of Health Island B.S.C. (c) for beneficial interest of the Partnership.

5 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 entities over which the Partnership exercises significant influence, unit holders, directors and Manager of the Partnership and parties over which they exercise significant influence or control.

Related party	Nature of relationship
Ithmaar Bank B.S.C.	Fund Manager
Ithmaar Development Company Limited (IDC)	Subsidiary of the Fund Manager and Developer to the Fund
Health Island B.S.C. (c)	Subsidiary of IDC
Ithmaar Dilmunia General Partner Company Limited	General Partner (Subsidiary of Ithmaar Bank BSC)

The balances and transactions with the related parties included in this interim financial information are as follows:

NOTES TO THE INTERIM FINANCIAL INFORMATION
for the six months period ended 30 June 2011

USD

5 Related party transactions (continued)

Balances

	30 June 2011 (reviewed)	31 December 2010 (audited)
Assets		
Cash and cash equivalents – Ithmaar Bank B.S.C.	32,076,982	32,993,210
Liabilities		
Management fee - Ithmaar Bank B.S.C.	2,081,250	2,081,250
Other related party payable	1,409,553	1,442,191

Other related party payable represents USD 14,196 (31 December 2010: USD 12,643) payable to Ithmaar Bank B.S.C. and USD 1,395,357 (2010: USD 1,429,548) payable to IDC for the expenses incurred on behalf of the Partnership.

Transactions

	30 June 2011 (reviewed)	30 June 2010 (reviewed)
Management fee – Ithmaar Bank B.S.C.	-	1,387,500
Income from short-term placements – Ithmaar Bank B.S.C.	49,131	106,180

Due to the current challenging market conditions, the Fund Manager has opted to waive its Management Fee from 1 October 2010 until further notice.

6 NET ASSET VALUE

The net asset value per unit of the Partnership is calculated as follows:

	30 June 2011 (reviewed)	31 December 2010 (audited)
Net asset value (equity attributable to Partnership)	173,202,247	173,487,821
Number of units outstanding	18,500	18,500
Net asset value (equity) per unit of Partnership	9,362.28	9,377.72

NOTES TO THE INTERIM FINANCIAL INFORMATION
for the six months period ended 30 June 2011

USD

7 COMMITMENTS

The Fund is committed to carry out the infrastructure work for the Dilmunia project in accordance with the Master Cooperation Agreement executed by the shareholders of Health Island BSC (c). The total estimated cost for the infrastructure works is USD 118,250,000.

- 8 Due to the inherent nature of the Partnership's business, the six month results reported in this interim financial information may not represent a proportionate share of the overall annual results.
- 9 Appropriations, if any, are made only at the year end.