

Islamic Finance *news*

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The World's Global Islamic Finance News Provider



UAE

Citigroup leads US\$1 billion Musharakah

Citigroup has been appointed as the lead manager and sole arranger for the launch of Emaar's US\$1 billion Musharakah Islamic syndication.

The facility will be utilized to finance Emaar's large-scale international projects and complete its multibillion dollar projects in the UAE.

The syndicated Musharakah facility is the first debt issue for Emaar in terms of size and scope. Joining in as mandated lead arrangers are National Bank of Abu Dhabi, Union National Bank, First Gulf Bank, HSBC, Mashreq Bank, ABN Amro and Royal Bank of Scotland. Furthermore, several other financial institutions are anticipated to participate in the syndication.

USA

Shariah Capital IPO

US-based company Shariah Capital has successfully procured a private placement capital raise.

Eric Meyer, the company's president and CEO, sees the listing of Shariah Capital's shares on the London Stock Exchange's Alternative Investment Market (AIM) as a strategic step in the company's evolution. "It highlights our ability now to offer a number of global, Shariah compliant solutions for hedge funds, real estate, private equity and Sukuk."

Shariah Capital looks to becoming an Islamic

financial engineering platform, whereby Shariah compliant financial products are built and conceived to enable the integration of companies into the booming Islamic financial market.

The company's clients, according to Eric Meyer, are typically financial institutions and money management firms in the Middle East and Asia who require Shariah compliant equivalents to conventional investment products. (See Interview with Eric Meyer on page 11.)

MALAYSIA

Two senior hires for KFH

Kuwait Finance House (KFH) – the first fully licensed Islamic bank in Malaysia – has hired Raja Teh Maimunah, formerly of Unicorn Investment Bank (UIB), and Baljeet Kaur Grewal, who left Aseambankers early last month. (See Moves, page 19.)

Raja Teh will come to KFH as chief corporate officer and will be overseeing KFH's international business for the Asia-Pacific region, with the mandate of building the business into a global player. She will be contributing her vast expertise in equity capital markets, corporate finance, debt capital markets and asset management to the financial house.

Baljeet Kaur Grewal, former Aseambankers Malaysia chief economist and head of investment banking research, has been invited

to join KFH as director and chief economist for the Middle East and Asian markets. Baljeet's move will be a boost to KFH's research capabilities, as she has written and published many papers and articles on developing economies, debt markets, Islamic debt and South-East Asian economies. She also helped to set up Aseambankers' investment banking research unit, contributing to its accolade for best Islamic finance research and development in Asia.

KFH began its Malaysian operations in August, and has been focusing on corporate investment, launching new Islamic products, as well as its involvement in Islamic structured financing. KFH also launched Asia's largest Islamic real estate fund in a joint venture with Singapore-based Pacific Star Group.

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Deals of the Year

Closing date 14th December 2006

NEWS BRIEFS

QATAR

QIB issues Sukuk

A €200 million (US\$256.46 million) Sukuk is to be issued by Qatar Islamic Bank (QIB), making it the first Islamic bond transferable into capital covered by European income-generating properties.

The proposed Sukuk would be issued in cooperation with Inovalis, a leading French company in the field of investment and asset management.

QIB CEO Salah Al Jaidah confirmed the issuance, saying that the product ensures a fixed investment return that would be distributed on a quarterly basis. The Sukuk will focus on properties located in western Europe and Scandinavian countries.

Valued at up to €30 million (US\$38.48 million), the first IPO will be based on a group of commercial income-generating properties in Germany. Salah Al Jaidah also said that the planned Sukuk would be listed on one of the Gulf Stock exchanges.

MALAYSIA

Islamic banking faces challenges

The Islamic banking industry must overcome three hurdles to further promote Islamic banking and create a sustainable market, RHB Islamic Bank chairman, Vaseehar Hassan Abdul Razack, has said.

The chairman stated that the readiness of players for the long haul, the lack of true Islamic banking products and the shortage of adequately qualified people, are the three main concerns.

Market players are not gearing up fast enough to make Malaysia an international Islamic financial center, even though the legal framework and infrastructure to facilitate the establishment of Islamic financial institutions are in place. There also appears to be a lack of conviction from western players. Product diversity and innovation are also lacking and there seems to be a deficiency in true Islamic banking products, as the trend is merely to make changes to conventional products and repackage them as Islamic financial products.

To endorse Islamic banking overseas, he urged Islamic banking institutions to assign Shariah experts and scholars as independent directors, as well as appointing foreign expertise to senior management levels and to the board.

UAE (Dubai)

DIB set to issue Sukuk

Dubai Islamic Bank (DIB) is ready to issue US\$10 billion in Sukuk to European and US companies from the oil and gas, infrastructure and telecoms sectors.

Aref Kooheji, DIB's head of investment banking, affirmed that: "About 60% of our Sukuk pipeline is for non-Islamic companies from the Americas, Europe and Asia. These are blue chip companies."

DIB has a total of US\$12 billion of Sukuk in the pipeline, of which US\$10 billion are at advanced stages of negotiations. The size per issue ranges from US\$250 million to US\$2 billion.

UAE (DUBAI)

Listing of GSEF on DIFX?

Dubai International Capital (DIC) is confident of listing its US\$2 billion Global Strategic Equities Fund (GSEF) on the Dubai International Financial Exchange (DIFX) by 2009.

GSEF portfolio would include the world's top 500 listed companies and an annual return of 15% is targeted for the fund. DIC is confident of raising US\$1 billion in November alone, with the remaining US\$1 billion anticipated over the next 6 months.

Islamic Finance news

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Coordination
Dubai Islamic Bank

NEWS BRIEFS

MALAYSIA

New initiatives from Bursa Malaysia

Several new initiatives to expand trading potential and attract foreign investors will be issued in 2007 by Bursa Malaysia. It will also reach out to Singaporean investors, ahead of the launch of a cross-trading link between the Singapore and Malaysian stock exchanges.

"We have planned to roll out and re-introduce regulated short selling, stock borrowing and lending, and that should be in the market within the next two months. We'll also be launching our new trading platform for the derivatives market. In fact, we're planning to do that fairly shortly. Over the course of the next year, we'll also be launching the equities module for the new trading platform which will then enable us to go into the SGX link. We are looking at launching a new Shariah index, Islamic Shariah index together with FTSE for the market. We should also see the first equity ETF (Exchange-Traded Fund) being launched sometime in the first quarter of next year," said Bursa Malaysia's CEO Yusli Mohamed.

The move reflects good performance in the Malaysian stock market this year.

UAE (Dubai)

Energy fund from DIB

Further to last week's story that Millennium Finance – an investment bank managed by Dubai Islamic Bank (DIB) – will set up a group of Shariah compliant funds worth US\$5 billion (See Vol. 3, issue 40, page 9), DIB is now in talks with Australia's Anzon Energy and Aabar Petroleum to advocate investment in Middle East and African oilfields.

DIB and state-owned Dubai World will contribute up to US\$1 billion to the energy fund in December, with four to five potential investments already identified.

Laurent Lavigne du Cadet, the managing director for oil, gas and energy for Millennium Finance, said that the projects encompass oilfields in Syria, Sudan and West Africa. "One of our main strategies is to co-invest in these fields with operating companies that have a lot of expertise to identify assets and to invest."

Millennium Private Equity (which is owned by Millennium Finance) is in talks with RAK Petroleum in the UAE about joint investments. The energy fund aims to complete four to five transactions in the first year worth US\$600 million. It will also consider investments in pipelines, shipping and industrial plants, completing the deal by March 2007.

UAE (Abu Dhabi)

Sukuk heading to high demand areas

Abu Dhabi Islamic Bank (ADIB) is to launch a European road show for a five-year dollar-denominated Sukuk under the bank's US\$5 billion medium-term notes program. Road shows will be held in London, Frankfurt and Copenhagen, following meetings in Bahrain and Dubai.

HSBC will solely lead and manage the issuance. Moody's Investors Service rated it as A2, while Standard & Poor's rated it A-.

BAHRAIN

Loan facility for Star Cement

Abu Dhabi Commercial Bank (ADCB) and Gulf International Bank (GIB) led a US\$104 million term loan facility signing with Star Cement, part of the ETA/Star Group.

Star Cement intends to establish a 2.15 MTPA clinker manufacturing plant in the Emirate of Ras Al Khaimah.

The syndicate of banks involved in the agreement are: Ahli United Bank, First Gulf Bank, National Bank of Abu Dhabi, British Arab Commercial Bank, United Arab Bank, Ahli Bank of Qatar, Commercial Bank of Dubai and State Bank of India.

GIB is the loan facility agent and National Bank of Abu Dhabi is the security agent for this agreement.

UAE (Dubai)

Islamic structured note from DIB

Dubai Islamic Bank (DIB) has launched a new Shariah compliant investment product – the DIB investment note. This note will have a 3-year protected capital, with a minimum investment of US\$10,000.

This much-anticipated product comes under the wealth management division of DIB. Naveed Ahmad, DIB's head of investments in the wealth management sector, is optimistic that the product will be well received as it has: "short investment tenor, capital protection and potential of maximum returns of 12% per annum."

The product offers protection to its investors while allowing participation in a diverse range of actively traded stocks on the Dubai Financial Market. The note will be open until the 30th November.

Islamic Finance news *Awards* Deals of the Year 2006

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- Initial Public Offering
- Project Finance
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- Structured Finance
- Sukuk
- Trade Finance

All submissions are due in by
14th December 2006

Please contact: Andrew.Morgan@RedMoneyGroup.com

NEWS BRIEFS

SAUDI ARABIA

SIB's profits double

Saudi Investment Bank (SIB) has declared its financial results for the period ending on the 30th September 2006. The bank announced that its profits have surged to more than SR1.705 billion (US\$454.6 million), which is 119.6% more than last year's profit of SR776.5 million (US\$207 million).

The bank's profits for the third quarter of this year reached SR326.3 million (US\$86.3 million), against SR286.1 million (US\$76.2 million), with an increase of 14.1%.

The diversification and expansion of the bank's services, such as the inauguration of its Islamic arm in the third quarter of this year, has helped it to respond to the needs of its corporate and retail clients. The bank's Al Asala Islamic Banking Program has ten new branches and works in accordance with the Shariah guidelines.

MALAYSIA

MMC to raise cash through Islamic papers

Malakoff's single largest shareholder, MMC, is raising RM7.9 billion (US\$2.17 billion) in Islamic debt papers to buy out its parent company.

The debt will be raised through selling junior and senior Sukuk through its unit Nucleus-Avenue Malaysia. Junior Sukuk will comprise of RM1.7 billion (US\$469 million), and RM6.2 billion (US\$1.7 billion) will be in senior Sukuk.

MMC proposes to hold a 51% equity interest in Nucleus-Avenue Malaysia. The remaining 49% is to be held by as yet unconfirmed investors.

SAUDI ARABIA

Al-Waha Shariah compliance

Basell and Sahara Petrochemical Company's joint venture - Al-Waha Petrochemical Company - has signed up for Shariah compliant financing.

The company has signed the Shariah compliant financing facilities agreement and other related financing documents with six regional banks. Basell holds 25% of Al-Waha's shares, while Sahara Petrochemical Company holds 75%.

Basell Volker Trautz, the president and CEO of Basell, stated that this is the first time the two companies have succeeded in arranging a Shariah compliant non-recourse project financing in Saudi Arabia. The Al-Waha joint venture is Basell's third major investment in Saudi-Arabia.

SYRIA

Emaar targets Syrian market

Emmar Properties of Dubai recently unveiled a S£26 billion (US\$500 million) master-planned community development project. The customer-centric and country-specific venture is to be carried out with IGO, an offshore investment and property development company.

Emaar Syria's managing director, Ibrahim Al Hashemi, is optimistic about the Syrian market, stating that: "The construction and real estate market in Syria is buoyant and the Syria Economic Report estimates that construction area grew by 72.7% to 11.24 million sq m in 2004 alone. Syria has also given the go-ahead to build 50,000 new flats in the coming five years, that sees an injection of S£45 billion (US\$856 million) in the real estate sector."

Emaar views Syria as a challenging market. However, Hashemi stated: "Syria benefits from a lot of under-utilized potential and hidden reserves that would offer in the long-term interesting growth opportunities." Currently, 60% of the country's GDP stems from enhanced participation in the private sector.

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NEWS BRIEFS

UAE (Dubai)

Leadership through Qiyadi

Dubai Islamic Bank (DIB) has signed an agreement with Emirates Institute of Banking and Financial Studies (EIBFS) to design a special training program for UAE nationals - Qiyadi. The program was developed to identify and develop individual leadership skills to train qualified nationals to potentially spearhead DIB branches and departments.

Saad Abdul Razak, CEO of DIB, stated that: "DIB has embarked on an ambitious expansion plan in the UAE and across the region. Qiyadi is a logical extension with an aim to create qualified cadres that will take the bank to the next level."

The program is set to run for 14 months and will focus on developing leadership and management skills through theoretical and practical training.

MALAYSIA

Islamic banking sees profits rise

AMMB Holdings' net profit rose from RM262.49 million (US\$71.83 million) to RM266.53 million (US\$72.93 million), recording a 1.54% increase up to September.

It was announced in the recent budget that the net profit attributable to shareholders for the first six months was RM207.1 million (US\$56.67 million), after setting aside a reversal of previously recognized deferred tax assets of RM30.3 million (US\$8.29 million).

This slight improvement in net profit can be attributed to income derived from the Islamic banking business, garnering RM22.5 million (US\$6.16 million). Other factors include a higher fund-based income, improvement in brokerage, guarantees, underwriting and fund management activities, increase in insurance premium income and transfer from profit equalization reserve.

The group's total assets amounted to RM70.2 billion (US\$19.21 billion) as at the 30th September 2006.

KUWAIT

GIH profits

Gulf Investment House (GIH) profited by KD12.3million (US\$42.5 million) in its third quarter.

This profit is attributed to GIH's Shariah compliant Afkar Holdings initiative. Afkar Holdings was established in light of the region's capitalization on the rise in oil prices as well as the government's focus on industrial and service sectors.

BAHRAIN

Big profit for IIB

International Investment Bank (IIB) gained more than US\$6.37 million in profit in the first nine month of 2006. Its total income more than doubled by the end of September, reflecting continued progress in IIB's business and development opportunities.

IIB's total income by September 2006 reached US\$11.06 million, compared to last year's US\$5.12 million. IIB saw considerable gains in its annualized return on capital, which rose to 19.75% per annum as against 6.50% per annum for the first nine months of 2005. Similarly, its annualized return on shareholders' equity saw a significant increase of 185% to 15.71% per annum for the 2006 period from 5.5% per annum for the same period in 2005.

BAHRAIN

Bancware for KFH

Kuwait Finance House (KFH) will be using SunGard's Bancware solution suite to regulate its capital management, asset/liability management and data management. Bancware will also aid KFH in implementing a Basel II framework, with its comprehension of the risk properties within Islamic Shariah rules.

BancWare Data Integration will also accelerate Basel II compliance by providing data cleansing and management. This will directly allow the bank to overcome the challenges it faces due to the lack of quality historical data in Islamic banking.

Waleed Abdulla Rashdan, head of risk management for KFH Bahrain, said, "We selected SunGard's BancWare for its ability to help us implement an integrated risk approach and meet regulatory requirements. It is especially important to us that BancWare can effectively support both conventional and Islamic banking products within the Basel II framework."

KUWAIT

European Real Estate Fund

The National Bank of Kuwait has launched an Islamic European Real Estate Fund compliant with Shariah regulations.

Investments will be made in office, retail, warehouse and residential properties, with more focus on the German market. The fund, pursued in Euro, is expected to gain an annual rate of return of 12-15%. Minimum investment is valued at €250,000 (US\$320,144). Subscription ends on the 23rd November 2006.



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NEWS BRIEFS

UAE (Abu Dhabi)

Taqa debt refinancing

State-controlled Abu Dhabi National Energy – or Taqa – is seeking banks to bid on lending up to US\$1.5 billion before April 2007. These are said to include seven Gulf, Arab and international banks for borrowings between US\$700 million and US\$1.5 billion to refinance this debt.

This is the second part of Taqa's US\$9.5 billion borrowing program. This capital will refinance the company's debt of one or two of its power-generating and water desalination units.

Taqa currently controls six utility plants in the UAE with partners such as the UK's International Power and Suez. The company is in the process of raising US\$6 billion to replace existing debt with cheaper loans, and US\$3.5 billion to finance foreign acquisitions and joint ventures.

Last month Taqa sold US\$3.44 billion of bonds with coupons as low as 5.875%, and is currently seeking loans with a maturity of 15 to 20 years. Peter Barker-Homek, Taqa's chief executive also disclosed that the company may later sell Sukuk.

MALAYSIA

Islamic capital market development

Prime Minister Abdullah Ahmad Badawi has stated that he wants to see Malaysia pursue specialization in Islamic finance and the halal food industry.

He said at a recent general assembly that: "Islamic finance has grown rapidly and Malaysia is now acknowledged as one of the leading centers in the world. Malaysia is now the largest issuer of Islamic bonds in the world, worth US\$30 billion. The global halal industry is worth RM7 trillion (US\$1.92 trillion) a year. The potential of this industry must be fully explored. Its development is a collective obligation."

The push for a more robust Islamic capital market was mentioned as the fourth pillar of his twelve-pillar speech, encompassing the Ninth Malaysia Plan, development of human capital and equitable distribution of assets.

Badawi also mentioned that the Malaysian government has succeeded in reducing the country's GDP deficit by 1.8%, from 5.3% to 3.5% over the past three years.

UAE (Dubai)

DIB unit in DIFX funds

Millennium Finance, a unit of the Dubai Islamic Bank (DIB) has announced the launch of two US\$1 billion private equity funds. Keba Keinde, chief executive of Millennium Finance, affirmed that the company was in an advanced stage of discussions with the regulators of the Dubai International Finance Center (DIFC) for the listings. If granted, the listings would be the first for a GCC private equity fund.

The company's Shariah compliant funds will target telecoms, media and the energy industries. The Millennium funds will mainly focus on the Middle East, Africa and Asia, the fastest growing region in the world.

The funds target a seven-year gross internal return rate in excess of 20% a year. Each investment estimates US\$20–US\$200 million and have a two to four-year prospect. The deal is set to close by the end of 2006.

SAUDI ARABIA

Islamic financing for real estate

Amlak Finance and Dallah Al Baraka of Saudi Arabia have set up the Amlak International Company (AIC) with an investment of US\$266.6 million.

AIC has been granted a license by the Saudi Arabian Monetary Agency and will focus specifically on offering real estate services and financing to individual and corporate clients. The Islamic finance company is expected to begin operations in the third quarter of 2007.

MALAYSIA

Dallah–RHB deal off

RHB Capital has aborted talks to sell a stake in RHB Islamic to Saudi Arabia's Dallah Al-Baraka group. This follows the expiry of the time-frame for talks, as approved by the Malaysian Central Bank. The deal was to have given Dallah a strategic stake in the lender and an opportunity for the Saudi group to expand at home. RHB Capital was allowed to sell up to 30% of RHB Islamic to the Saudi corporation.

According to RHB Islamic chairman Vaseehar Hassan Abdul Razack, it was likely that Dallah was still watchful of market development in Malaysia, hence the failure to seal the deal. However, Vaseehar does not rule out the chance to revive talks with Dallah as RHB is not keen to dispose of a strategic stake to any other party. Dallah would have brought in fresh capital, product knowledge and connections to wealthy Middle Eastern customers in exchange for a foothold in the fast-developing Islamic market in Malaysia.

NEWS BRIEFS

MALAYSIA

Push for Islamic equity investment

Islamic private equity investment as a sub-segment of the Islamic capital market still has the potential to be further developed. This would broaden and deepen the domestic Islamic capital market, given the increasing demand for Islamic investment products locally and globally.

Private equity investments may be relatively new in the Islamic capital market but its prospects are bright. "Venture capital is one of the strategic sectors in Malaysia's Islamic capital market to draw further inflows of global Islamic funds into Malaysia, in line with government initiatives to make the country an international Islamic financial center," said Mohammad Effendi Norwawi, a minister in the Prime Minister's department.

Total private investment is estimated at RM217.58 billion (US\$59.79 billion) during the Ninth Malaysia Plan. To meet the substantial funding needs, the domestic intermediation process should leverage on the Islamic capital market for the purpose of mobilizing funds between capital seekers and providers.

LIBYA

Emaar signs MoU

Global real estate developer Emaar Properties has crossed continents to set up a joint venture company in Libya. Dubai-based Emaar plans to link up with Libya's leading Zowara-Abou-Kemash Zone to develop Phase 1 of Zowara Abou-Kemash, including the Farwa islands.

Emaar properties chairman, Mohamed Ali Alabbar, said Libya is an emerging market which holds great potential for growth, as the country has announced a series of steps that are the key pillars in its transition to a more free market economy, including plans for privatization.

He added, "Emaar is privileged to partner with Zowara-Abou Kemash Development Zone, which has the state's mandate to develop the Zowara-Abou Kemash area, encourage foreign investments and create a tourism, industrial and commercial environment that sustains long-term growth."

The new joint-venture company will soon embark on the masterplan for the special zone as all the necessary strategic, financial, marketing and technical studies have been implemented.

KUWAIT

KID chalks US\$255 million profit

The Kuwait Investment Dar (KID) Company has reported a net profit of KD73.3 million (US\$255 million) in the third quarter of 2006.

This strong performance is on the back of the company's sustained growth of 33% for the second year running.

"The high revenue generated for our shareholders is a result of the company's successful strategy to expand geographically into new markets and industries in the region and worldwide. KID will continue with this strategy and capitalize on lucrative investment opportunities across the GCC to maximize growth, profits and returns for shareholders year-on-year" said Adnan Al Mussalam, chairman and managing director of KID. The company's rating was increased to BBB+ in 2005 from BB- in 2001.

AZERBAIJAN

IDB to invest US\$60 million

The Islamic Development Bank (IDB) of Jeddah plans to set up an Islamic investment company in Azerbaijan.

The proposed investment company would facilitate private investments in a multitude of projects across Azerbaijan. IDB is set to invest up to US\$60 million in the country and is also eyeing development of similar companies across Central Asia.

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NEWS BRIEFS

MALAYSIA

ABN Amro extends Islamic arm

One of Malaysia's oldest foreign banks, ABN Amro, is looking to expand its operations by venturing into Islamic banking and providing more consumer banking services.

Harry Naysmith, the bank's managing director, stated that the bank currently offers products ranging from cash management and trade services to equity capital market transactions. "The bank is also looking into Islamic banking in line with our expansion plan," he said.

The bank is also strategically located in Penang, Kuala Lumpur and Labuan – Malaysia's trade hubs.

UAE (Dubai)

DFM opens IPO

The Dubai Government, a shareholder in the Dubai Financial Market (DFM) is to offer Dh1.6 billion (US\$435 million) in DFM's landmark IPO offering. This amount represents 20% of the DFM share capital, which totals Dh8 billion (US\$ 2.18 billion).

DFM shares offered through the IPO are priced at Dh1 per share. The Dh1.6 billion (US\$435 million) shares are divided into both private and public offerings. The private offering is meant for specified investors, inclusive of the current employees of the Dubai government, employees of companies owned 100% by the Dubai government, retired nationals from Dubai, and companies where the Dubai Government owns not less than 99% of its equity. This offering comprises of 720 million shares. The public offering constitutes 880 million shares. Other segments of the private offering comprise stock brokerages and listed companies.

The 12-day IPO began on the 12th November 2006, and is due to close on the 23rd November 2006.

QATAR

Qatari banks to move beyond borders

Professor Abdul Latif Al Meer of Qatar Islamic Bank (QIB) recommends Qatari banks to continue their expansion in order to create a more competitive edge amidst developments in Qatar's economy.

His stand for domestic banks to expand and internationalize was echoed by Doha Bank's deputy chief executive officer R Seetharaman, who said that globalization is the future of banking.

The Qatari economy is experiencing steady growth and local banks have to match the growth with a strategy to expand globally. "Qatar has all the potential and should get the status it deserves," he said.

UK

First Islamic benchmark launched

The world's first global benchmark qualification for Islamic finance has been launched in London. The Islamic Finance Qualification (IFQ) covers Islamic finance from both Shariah aspects and technical product knowledge.

IFQ was initiated by the Banque du Liban (BDL) and jointly developed over the last year by the Securities & Investment Institute and the Ecole Supérieure des Affaires in response to the rapid expansion of the Islamic finance and banking.

Governor of the Central Bank of Lebanon, Riad Salameh, said: "Our main target from this qualification should not be only banks and financial institutions but also regulators who might look into the added-value which the qualification could bring into the industry."

THIS TIME LAST YEAR

Emirates Bank Group posted a 96.2% leap in profits to US\$314 million in the first nine months of 2005; the Islamic banking subsidiary of **Bumiputra Commerce Bank – Commerce Tijari Bank** – launched its first Islamic banking products; **Kuwait Finance House** signed an agreement with the **National Industries Company for Building Materials** to arrange an issue of Musharakah Islamic bonds worth US\$70 million; **Al Ahlia Investment Company** posted nine-month profits of US\$116.4 million, an 82% increase on 2004; **Tamweel** took part in a strategic tie-up with **ETA Star Property Developers** to help prospective buyers with home finance solutions. **Tamweel** also launched "Yusr," the world's first Shariah compliant adjustable repayment mortgage; Bahrain-based **United Gulf Bank** raised US\$175 million through a three-year Murabahah restricted with revolving commodity Murabahah facility, initially launched at US\$100 million, but increased to US\$175 million to meet demand; **BIMB Unit Trust Management**, a unit

of **Bank Islam Malaysia**, declared a total of US\$0.258 in income distribution for its three funds; Malaysia's **Securities Commission** announced it would issue guidelines for Islamic Real Estate Investment Trusts; Turkish Prime Minister **Yeccep Tayyip Edrokan** met with representatives from **Venture Capital Bank**, the Islamic venture capital investment bank, as part of his visit to Bahrain; Malaysia's **Sacofa** group revealed plans to raise US\$106.18 million through the issuance of Islamic securities: US\$42.47 million in Redeemable Secured Serial Sukuk Istisnah and US\$63.7 million in Redeemable Secured Serial Sukuk Ijarah; a series of new measures, including stronger penalties for violators of rules, were approved by the **Emirates Securities and Commodities Authority** to check insider trading on UAE bourses; **Takaful International** – part of the **Investor's Group of Kuwait** – announced plans to team up with **Southern Bank** to bid for a Takaful license in Malaysia.

NEWS BRIEFS

RATINGS NEWS

BAHRAIN

S&P rates Shamil Bank

Standard & Poor's (S&P) has allocated BBB- long-term and A3 short-term counterparty credit ratings with a stable outlook to Shamil Bank of Bahrain. Both ratings have a stable outlook.

The investment grade rating mirrors the bank's good profitability, improving asset quality and satisfactory capitalization. The stable outlook reflects S&P's expectation that Shamil will maintain its good financial performance and develop its retail franchise in Bahrain.

The bank's profitability is high, with returns on assets increasing steadily in the past five years, reaching 4.9% and 25.3% for the first half of 2006.

UAE (Abu Dhabi)

Moody's ratings on Sukuk

An A2 foreign-currency rating has been assigned by Moody's Investors Services to the forthcoming floating-rate senior Sukuk trust certificates from Abu Dhabi Islamic Bank (ADIB).

The Sukuk, which is due in 2011, will be issued under a US\$5 billion trust certificate issuance program. The agency has assigned A2 and A3 ratings for the senior Sukuk and subordinated Sukuk trust certificates respectively. A special purpose entity – ADIB Sukuk Company – will issue Sukuk certificates to investors and will use the proceeds to acquire a co-ownership interest in a portfolio of assets comprising Ijarah contracts from ADIB.

These assigned ratings are subject to review of the final documentation, the terms and conditions of which are not expected to change in any material way from the draft documents reviewed.

MALAYSIA

Ranhill Powertron's AA3 rating reaffirmed

Rating Agency Malaysia (RAM) has reaffirmed its AA3 rating for Sabah's independent power producer Ranhill Powertron's RM540 million (US\$148.3 million) Islamic medium-term notes program. However, the outlook has been revised from stable to negative.

The negative rating was assigned by RAM due to its concern on the overall well-being of Ranhill's power purchase agreement with Sabah Electricity. This deal was established to increase the company's 120-MW open-cycle gas turbine power plant to a 190-MW combined-cycle gas turbine. The project's progress has been delayed by 3%, showing 92.56% completion, as opposed to the scheduled 95.9%.

However, despite the delay and RAM's concern over the construction cost and risks inherent in the project, the company's debt servicing ability has remained solid.

MALAYSIA

MARC upgrades KL Sentral ratings

Kuala Lumpur Sentral's RM720 million (US\$197.96 million) Bai Bithaman Ajil Islamic Debt Securities (BaIDS) have been upgraded to A+ID(s) by Malaysian Rating Corporation (MARC). This rating projects a stable outlook, and reflects the support of Bank Pembangunan Malaysia via a standby revolving credit facility.

KL Sentral's revenue increased by 142.3% to RM232.7 million (US\$63.98 million) in the 2005 financial year, from RM96 million (US\$26.39 million) in the 2004 financial year.

UAE (Abu Dhabi)

ADIB's US\$5 billion certificates rated

Abu Dhabi Islamic Bank (ADIB)'s US\$5 billion trust certificate issuance program has been assigned a long-term rating of A- and a short-term rating of F2 for the senior unsecured trust certificates and long-term BBB+ for the subordinated trust certificates by Fitch Ratings.

Fitch stresses that the above ratings are for the program, and each individual issue under the program may not necessarily carry the significant program rating. Ratings for individual issues will be assigned on a case-by-case basis.

ADIB's issuer ratings are issuer default A- with a stable outlook, short-term F2, individual C and support 1.

JORDAN

Jordanian banks achieve stable outlook

Moody's Investors Services have rated the financial strength of Jordanian banks as having a stable outlook.

These ratings are the result of durable franchises, a fast-growing environment and satisfactory financial metrics, despite regional instability, says Moody's Investors Services in its new banking system outlook on Jordan.

Carrying negative outlooks are the banks' foreign currency deposit ratings, set at a Ba3/NP country ceilings for deposits.

Three banks in Jordan were rated by Moody's – Arab Bank (Ba3/NP/C+), Housing Bank for Trade & Finance (Ba3/NP/D+) and Cairo Amman Bank (Ba3/NP/E+).

The country has a small but resilient economy which offers limited but improving opportunities for the banking sector. A relatively high number of banks are currently operating for a population of 5.5 million, with intensifying competition as each bank seeks to augment its market share.



KPJ HEALTH CARE

INSTRUMENT	Al-'Aqar KPJ REIT IPO				
ISSUER	KPJ Healthcare				
PRINCIPAL ACTIVITIES	Al-'Aqar KPJ REIT is the first healthcare REIT listed in Asia and the world's first listed Islamic healthcare REIT. The principles of Islamic REITs are rather similar to a conventional REIT. The major difference would be the adherence of the REIT to Shariah requirements and the Islamic principles, which contain no element of riba, gharar and masir.				
BOARD OF DIRECTORS	Chairman: Muhammad Ali Hashim; Managing Director: Siti Sa'diah Sheikh Bakir				
DATE OF LISTING	10 th August 2006				
ISSUE SIZE	US\$179,250,000 (340,000,000 units)				
DATE OF ISSUE	24 th July 2006				
MATURITY	23 rd July 2007				
COUPON	REIT Dividend				
PAYMENT SCHEDULE	KPJ Healthcare (KPJ) will hold 160 million units or 47%, while 165 million units will be issued to institutional investors at RM1 (US\$0.27) per unit and 15 million units to the public at RM0.95 (US\$0.26) each.				
AUTHORIZED CAPITAL	RM73.1 million (US\$19.87 million)				
AUTHORIZED PAID UP CAPITAL	RM14.3 million (US\$3.89 million)				
GEARING RATIO	27.86%				
IDENTIFIED ASSETS	Damansara Specialist Hospital, Ampang Puteri Specialist Hospital, Johor Specialist Hospital, Ipoh Specialist Hospital, Puteri Specialist Hospital, Selangor Medical Center.				
LEAD ARRANGER	AmMerchant Bank				
ARRANGERS/MANAGERS	AmMerchant Bank				
LEGAL COUNSEL	Abdul Raman Saad & Associates				
FINANCIAL ADVISOR	Auditors and reporting accountants, Delloite KassimChan				
GUARANTOR	AmMerchant				
TRUSTEE	Amanah Raya				
SHARIAH ADVISORS	Hadi Noohdin Gadot, Hj Md Hashim bin Hj Yahya, Prof Madya Dr. Ab Halim Muhamad				
METHOD OF ISSUE	For the Bumiputra portion, 4,801 applications for 20.8 million shares were received, which represents an oversubscription rate of 3.63 times. The 165 million shares made available for private placement have been fully placed out.				
PURPOSE OF ISSUE	A total of RM179,250,000.00 (US\$49,049,116.48) was raised from the IPO. A total of RM167.25 million (US\$45.53 million) will be used to part fund the acquisition of assets and another RM5.13 million (US\$1.39 million) will be used to finance the renovation and expansion of the properties.				
LISTING	Main Board of Bursa Malaysia Securities				
RATINGS	Rating Agency Malaysia rated the respective long and short-term ratings of AA3 and P1.				
DIVIDEND PER UNIT					
	CY	2006	2007	2008	2009
	DPU	7.25%	7.32%	7.52%	7.70%

For more term sheets visit www.islamicfinancenews.com.

Interview with Eric Meyer, President, Chief Executive Officer and Executive Chairman, Shariah Capital Inc, USA

By Nora Salim

Shariah Capital has come a long way since its inception as a hedge fund manager and venture capitalist six years ago. Its move to list on the Alternative Investment Market (AIM) of the London Stock Exchange is a direct response to the present market, which assigns valuation premiums to Islamic asset management companies. Another factor is the vital capital, the investment platform and the image which such a listing offers. Eric Meyer – president, chief executive officer and executive chairman of Shariah Capital – talks exclusively to *Islamic Finance news* on how he plans to lead Shariah Capital to the forefront of Islamic finance and product innovation.

Shariah Capital USA recently completed an equity-raising exercise through a private placement en route to a listing on the AIM of the London Stock Exchange. Eric said he was truly excited about this upcoming listing, as it opens up an avenue for the company to tap new investors all over the world. Shariah Capital's advisors in London – Investec – have proceeded with the necessary approvals and, upon admission, the Shariah Capital shares will be traded on AIM under the symbol SCAP.L.

Just five years ago, the Islamic finance market was almost non-existent in the USA, with an absence of Islamic hedge funds, Sukuk a barely recognized instrument and minimal Shariah compliant private equity or venture capital investment instruments. The recent explosive growth of an assortment of Islamic financial products in the Gulf region has not only encouraged the western world to quickly adopt Islamic products, but also to develop their own Islamic financial solutions.

The present market environment, which assigns valuation premiums to Islamic asset management companies, has pushed Shariah Capital to go public. In order to remain at the forefront of Islamic finance and product innovation, it requires a capital injection, an investment platform and the enhanced image that listing brings.

Shariah Capital will also be better leveraged to develop innovative solutions not only for the Gulf region, but also worldwide, hence setting the stage to promote itself for better reach internationally. On a lighter note, Eric tells *Islamic Finance news* that being the chairman of a London Stock Exchange company bodes well with his partners, whether they are in Dubai or New York.

The company was initially established as Meyer Capital Partners in 2000, following successful ventures as a hedge fund manager and venture capitalist. These offered invaluable experiences for Eric, as he went on to develop the company's Shariah compliant tools and solutions from a money manager's perspective. Thereafter, he developed the first Shariah compliant fund of hedge funds, now the Shariah compliant innovation usually identified with Shariah Capital.

Shariah Capital is essentially a financial engineering platform that conceives, builds and customizes Shariah compliant financial products. The key areas it covers are hedge funds, real estate, private equity and Sukuk. Apart from these, the company acts as advisor to companies and projects on matters involving compliance with Shariah principles. The products are then delivered and serviced either under Shariah Capital's own brand, or under co-branding arrangements with joint

venture partners, or on a private label basis. Shariah Capital typically services financial institutions and money management firms in the Middle East and Asia with pools of committed assets from clients who require Shariah compliant equivalents to conventional investment products.

Eric revealed that the company is in no hurry to open up offices around the world, even with potential additional funds at their disposal. However, he said he will consider financial centers like London, Bahrain and Dubai over time. The driving force for expanding the overseas operations lies in partnerships and joint ventures that are established particularly in Asia and the Far East. These are important markets where Shariah Capital sees the need to develop Islamic products with the joint expertise of local partners. "We actively would pursue opportunities in these regions with competent, committed partners," Eric commented.

When asked whether being based in the small US state of Connecticut has been a drawback to developing the business of Shariah Capital, Eric responded: "Not at all! Actually, it's been just the inverse. For better or for worse, being the sole Shariah compliant financial engineering firm in the US brings us into direct contact with some of the brightest minds on Wall Street." Being in close proximity to New York, the company has easy access to good deals, thus maintaining its lead in the market.

Shariah Capital's Shariah Long/Short Master Fund has shown results that are outstanding by market standards, when compared to the Standard & Poor's (S&P) 500 benchmark. Over the last three years, returns were 15% in 2004, 12.9% in 2005 and as at the end of October this year, the five managers in the portfolio have reported a 17.4% return. The figures for the S&P benchmark are 8.9%, 3% and 10.4% respectively

This solid performance can be attributed to the ability of Shariah Capital's fund managers. "We purposely look for the best managers who can accommodate both our Shariah supervisory board's Shariah compliance criteria and our requirements for a separate managed account at Barclays, New York, and our prime broker. We also select managers whose industry focus is already largely Shariah compliant: technology, healthcare, consumer, basic industries, etc," Eric stated.

The company has, up to this point, developed organically within the expanding world of Islamic finance. In addition to offering a range of products, Shariah Capital also has the requisite skill set and the image, with the full-time commitment of its board member, Sheikh Yusuf Talal DeLorenzo.

Eric discloses that Sheikh Yusuf, who recently authored the first American corporate Sukuk rated by S&P, is a signifier of the company's serious commitment to generating Sukuk. Sheikh Yusuf – a very

prominent Shariah scholar in the western world – is Shariah Capital's chief Shariah officer, "whose experience and achievements in Sukuk are important for Shariah Capital's business." Eric believes that Sheikh Yusuf's expertise and capability will lead Shariah Capital into new areas of the Islamic capital markets, thus enabling the company to continue its role as a pioneer in this industry.

Sukuk is expected to contribute significantly to Shariah Capital's development and perhaps support the company's objective of becoming a market leader in the west. To ensure the success of any such venture, a close working relationship between the company and scholars in the field of Shariah needs to be fostered when developing any new product or instrument. "Their capacity and commitment to innovation is critical to our success and to future advancements for Islamic finance."



Islamic Economics: A Short History

By Professor Rodney Wilson

The following comprises extracts from Professor Rodney Wilson's book *Islamic Economics: A Short History*.

Comparing the often sorry reality of the present-day Islamic world with the Islamic world of yesterday with its many achievements, when Muslim governments were powerful and setbacks less disastrous, provides us, with the benefit of hindsight, with rich empirical evidence and lessons to derive conclusions from. Historical evidence should be treated with caution, however, as history contains inherent distortions when it comes to extracting evidence, as the prevailing conditions of the past may differ from those dominant in the present. History contains useful lessons to be learned, however, providing that this is received with an inquiring mind and an inquisitive attitude. In Islamic economics, historical examination can tell us that the Islamic system per se has the capability of providing an operational norm and a workable model, as long as the surrounding environment is helpful. As the present is an unbroken chain with the past, it is, in a similar historical fashion, a continual link with the future. And Islamic economics, in a historical sense, is no exception.

This study intends to link the past with the present, in preparation for the future. The remit covers the development of Muslim economic thought from the emergence of Islam, long before economics became a separate discipline. Concern with economic issues pre-dates the development of the analytical tools associated with contemporary economics, and these concerns were evident in the writings of the early Muslim jurists. The introductory chapter of this book examines the economic and financial environment in ancient Arabia from which Islam emerged. The second chapter is concerned with the Islamic economic concepts and ideas in the Quran and Sunnah up to the time of the death of the Prophet. This is a particularly important chapter as Islamic economists, both the jurists in the early centuries of Islam and contemporary writers, inevitably base their treatise on the subject on the two primary sources of the religion: the Quran and Sunnah. Islamic economic thought during the Rightly-Guided Caliphate, and the development of Islamic society and economy during that period, which are much quoted in the writing of modern Muslim economists, is the subject of the third chapter.

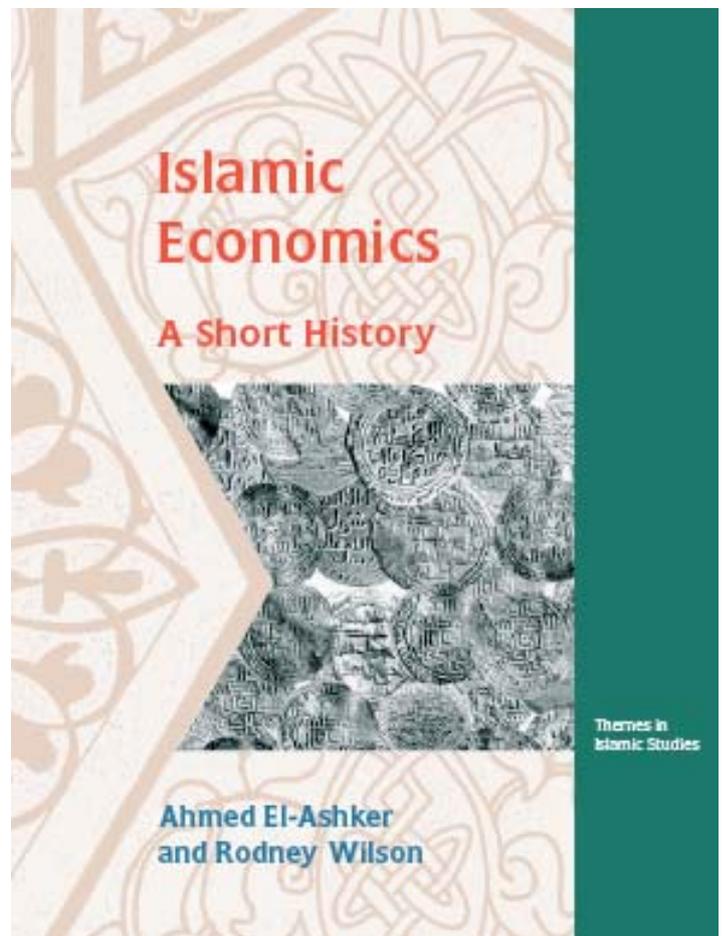
The fourth chapter deals with societal changes during the dynastic caliphates, the Umayyads and the Abbasids, and the administrative and economic reforms in the early powerful periods of these two dynasties. The golden age of the intellectual development of Islam and the appearance of the first specialized books on Islamic economics is the focus of chapter five, while the sixth chapter deals with the crucial stage of Islamic history associated with the political decline of the caliphate. Despite this setback there was significant intellectual development during this period. This was to influence the subsequent economic revival, the subject of the seventh chapter that considers the increasing power of the Islamic state during the period of the Ottomans, Safawids and Moghuls. In this chapter socio-economic and political changes are highlighted with a view to looking into the effect

of these changes on the intellectual development in general and the development of Islamic economic thought in particular.

Chapter eight covers the Islamic reform movements up to the present stage of the Islamic revivalism. The emphasis in this chapter is on the effect of revivalist movements on the development of Islamic economic thought and applications that have become more obvious in the twentieth century, notably the emergence of Islamic banking. Finally, chapter nine concerns the present, notably the development of Islamic economics and the partial Islamization of the economic and financial systems. Some observations are made on the prospects for Islamic economics in the light of its history, a future that is in many respects full of promise.

Iqtisaduna, Our Economics

Bāqir al-Sadr's *Iqtisaduna* ("Our Economics") has been singled out for special analysis in the following section due to a number of factors. First, Al-Sadr was a Shi'i scholar in Islamic economics and secondly, *Our Economics* has not enjoyed the popularity that other works of Sadr's contemporaries have had. Thirdly, the work merits appreciation for its analysis, approach and scope. Fourthly, al-Sadr wrote his work, and lived most of his life, under a repressive regime. Fifthly, *Our Economics* appeared in the late sixties and early seventies when Islam



continued...

Islamic Economics: A Short History (*continued...*)

was said to have been re-emerging in the state that is known as Islamic revivalism. Sixthly, as al-Sadr never had the opportunity that was available to his contemporaries of being exposed to western economics and education, his thoughts on the subject were reflections of his own thinking based purely on Islamic teaching, with little influence from western culture. Finally, the book, which, in parts, fervently criticizes communism, appeared at a time when leaders and policy-makers in the Islamic world were calling for a socialist approach to economic development as the way forward.

“In Islamic economics, historical examination can tell us that the Islamic system has the capability of providing an operational norm and a workable model, as long as the surrounding environment is helpful”

By al-Sadr's own assertion, *Iqtisaduna* is meant to provide an objectively analytical study of Marxism, capitalism and Islamic economics by looking into the systems' conceptual principles and the details of their application. Economic development was the main concern of al-Sadr, in particular which economic system was the most suitable for economic development, and that was the basis of his evaluation of, and comparison between, Marxism and capitalism on the one hand and Islamic economics on the other. Al-Sadr was under no illusions as to when, and to what extent, an economic system may or may not be workable. Cautiously, and objectively, we find him stating that the comparison between economic systems should not be based only on the conceptual framework of these systems or their theoretical philosophy and principles, but should be based instead on the degree of the suitability of the system to the economy being studied and the society which the system is designed to serve.

On the importance of man in economic development, we find al-Sadr confirming from the early pages of *Iqtisaduna* that the needs of an economic system are not confined to the need for a social structure, which the state may adopt and in which the economic development model may be fitted. Economic development and the fight against backwardness go beyond that to reach out for a framework that includes the entire nation and the people for which the economic program is to serve. An interaction should be developed in the process of economic development between the chosen model of development and the people, as only with the cooperation of the whole nation can economic development be achieved. The cooperation of the people and their full devotion to the system is a prerequisite for the success of an economic development program, as with cooperation people can give the best of their talents and skill in striving to achieve their economic goals. Therefore, the argument continues, people should be offered a system that matches their beliefs and convictions if the benefits of economic development are to be realized. In a Muslim nation, in order to gain the full cooperation of the people, the economic system ought to be Islamic. By implication, therefore, secularization for the sake of modernization would not lead to the best possible results in the process of economic development in an Islamic community, nor would the adaptation of a socialist economic system be any better.

The Islamic philosophy, doctrine and beliefs are echoed once more in al-Sadr's writing when he refers to economic concepts and principles. Looking at the concept of value, for example, we find him attempting to answer questions about the sources of value for goods and services and how the price of goods is determined, and whether labor is the source of value or otherwise. The stress, from his point of view, should be on the exploration of the views of Islam as a religion on the concept of profit (as viewed from the capitalist point of view), and to what extent the concept extends to recognize the profit as a just criterion in providing a basis of value. To explore the degree of the legitimacy of profit, it is necessary to be aware of the role that capital, labor and other means of production play in the process of production. The study of the roles of these factors of production should be viewed based on the stand of Islam regarding the rights of factors of production to a share in the distribution of output.

Iqtisaduna was written in Arabic, and the second edition extends to just over 700 pages. It comes to us in just over 200,000 words – a considerable size even by the standards of today. *Iqtisaduna* could be divided into three main sections: Marxism, 200 pages; capitalism, 40 pages; and the rest, about 460 pages, are devoted to Islamic economics. This shows how much al-Sadr wanted to say about Marxism compared with capitalism, and of course how devoted he was to the Islamic system. He criticizes Marxism fervently and even reaches the conclusion that it contradicts itself in its own philosophy. Capitalism to him is based on insincere freedom as, while it advocates the freedom of the market, it does not actually provide individuals with the economic means, or reinforce their purchasing power, to act in a freely economic manner. Freedom of the market therefore becomes restricted as it does not, per se, lead to economic freedom. Such freedom is, therefore, illusory. Islamic economics, he stresses, is a value-laden system, which caters for the needs of both the rich and the poor. The ethical values emanating from the teachings of Islam are quite distinct. Al-Sadr's assertion is consistent with the arguments of other Muslim economists and Shariah scholars in general.

“In a Muslim nation, in order to gain the full cooperation of the people, the economic system ought to be Islamic”

On ownership, we find al-Sadr advocating that ownership is of three types – private ownership, public ownership and state ownership. The mixed forms of ownership, he warns, do not imply that an Islamic economic system is a mixed economy which allows both forms of private and public ownership. It cannot be described as such, in his view, as Islamic economics have a different ideology from the mixed economic system. The mixed economic system is a capitalist system that allows for public ownership, or a Marxist system that permits private ownership. The Islamic economic system is neither, as it has its own values that are neither capitalist nor communist. Would al-Sadr allow nationalization? This is not very clear in his early writings on Islamic economics, until page 259 of the second edition, where he refers to the capitalist experience of nationalizing private ownership for the sake of public interest in what seems to be an approval of what a capitalist government might be doing.

continued...

Islamic Economics: A Short History (*continued...*)

In discussing the ownership of the means of production, al-Sadr qualifies the ownership and the conditions on which it is based. With reference to land and natural resources as a means of production, he emphasizes that maintaining the productive conditions of these sources is a provision for the continuation of ownership. To this effect, he is of the view that if an owner neglects the property, or is unable to utilize it, the state or imam may give it to someone else to make use of it. The statutory owner may be given a due share from the economic outcomes of utilization by the new holder. The new holder, however, is not to be given a statutory ownership; s/he is not allowed to transfer the ownership by sale, inheritance or other means. What the new holder has is the right to utilize, not the right to own. This is a delicate distinction that may help to make the principle of ownership transfer more applicable, hence more acceptable. It is, to use a modern term, a form of quasi-ownership of the neglected source of production, rather than a full ownership. It remains to be confirmed whether this form of quasi-ownership stays with the holder as long as he is utilizing the property, even if the statutory ownership is transferred by other means such as sale or inheritance.

Turning our attention to economic freedom, we find al-Sadr in line with the mainstream of Islamic jurists in arguing that although economic freedom is permitted in Islam, it is not unconditional. The conditions come from two distinctive sources: self and state. Self conditions emanate from the belief of the individual in the ethical code of conduct provided in the Shariah. This increases with the development of the individual's religious conscience and Islamic beliefs. Emanating from al-Sadr's ethical approach to economics, a considerable weight is given by him to this source of conditioning values. Conditions emerge from the right of the state to apply the Shariah rules in any possible deviation from these rules on the part of the individual that may cause harm to society. Individuals' religious conscientiousness is far more important to al-Sadr than the state's corrective agencies. In the absence of a government that is concerned with the application of Shariah to the society, in favor of a less Islamic application of government, individuals' diligence becomes the substitution.

In discussing the distribution of income, al-Sadr, in emphasizing the important role of labor in the process of production, stresses the significance of rewarding labor as the most crucial factor. Although this sounds as if he is very close to Marxist theory, particularly in stressing the role of the suppliers of labor as opposed to that of the providers of capital, he diverts from it in basing his arguments on the Islamic moral ideals. Society, to him, is obliged to provide for not only the able and capable, but also for the poor and the needy if their condition of poverty is more related to weaknesses and inability than to laziness and idleness. With the stipulation of zakat as the core of the Islamic doctrine, the Islamic economic system is distinguished from both Marxism and capitalism.

In his *Iqtisaduna*, al-Sadr has demonstrated a depth of knowledge and a profundity of thinking on both economics and Shariah matters. One may speculate how his thinking would have developed had he not been executed in 1980 under the orders of the Iraqi political authority at that time.



The author is director of postgraduate studies, Durham University, School of Government and International Affairs, Institute for Middle Eastern and Islamic Studies, Durham, UK.

This is an extract from his book *Islamic Economics: A Short History*, published by Brill Academic Publishers.

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Meet the Head

Islamic Finance news talks to leading players in the industry



Name: Neil D. Miller
Position: Partner, global head of Islamic finance
Company: Norton Rose
Based: London
Age: 45
Nationality: English

pure Ijarah to an Ijarah-based diminishing co-ownership model, and the fact that the UK is now a jurisdiction offering a more tax efficient Islamic home finance product than many Muslim majority states, makes one realize how momentous that process has been.

What are the strengths of your business?

Our people. The practice of law is all about the people who undertake the work. Above all else I want the lawyers who practice Islamic finance at Norton Rose to be recognized for their integrity. This translates into not just being careful about observing the law, but also making sure the form and the spirit of Shariah compliance are observed in all that we do.

What are the factors contributing to the success of your company?

Our people. The quality of our people has enabled us to deliver a consistently high quality product and help Norton Rose to help its clients deliver innovative new products.

What are the obstacles faced in running your business today?

Ever since I started working in Islamic finance, the single most difficult obstacle has been the shortage of human resources. We have good people but we need more. The lack of suitably experienced and widely respected Shariah scholars is also a potential major problem for the growth prospects of the industry. One major worry I also have as a lawyer concerns the area of reputational and systemic risk. We are in a period of rapid change and innovation. Care has to be taken to keep things under control. In Islamic finance prohibitions exist for principle-based reasons. In conventional finance, a problem becomes merely a challenge that has to be navigated around. This approach should not be imported into the Islamic finance sector, as it would undermine the ethical rationale on which Islamic finance is based.

Where do you see the Islamic finance industry, maybe in the next five years?

The industry has changed remarkably during the past five years. It will change remarkably in the next five years. I do find myself questioning whether the rapid growth of the industry is being built on sound enough fundamentals. I would hope that during the course of the next five years we see very clear evidence that some of the shorter term, highly speculative activities are compensated by a more strategic balancing of portfolios for the long term. This may be less exciting and less remunerative, but long-term players need to build annuity business and long-term relationships. There are also too many banks chasing too few people. A reduction in the number of banks, an increase in scale and a concentration of talent is required before an Islamic bank can become truly world class.

Name one thing you would like to see change in the world of Islamic finance?

I think there needs to be more women practising Islamic finance in the banks. I am sure there would be a wealth of talent available. Islamic finance is already operating across borders, using the language of finance to knock down political differences. It should do the same across genders.

Could you provide a brief journey of how you arrived where you are today?

My first steps on the Islamic finance path occurred in early 1995 when I was seconded to work at the Norton Rose office in Bahrain. Amongst my first clients was Shamil Bank. The Islamic finance practice became a very important component of the work undertaken by the Bahrain office. After five years in Bahrain, during which time I became a partner in the firm, I returned to London. I started looking for Islamic finance work in London and very soon formulated the idea of an "Islamic Finance Group" to focus the firm's Islamic finance efforts. Ironically, it was not until after the watershed events of 9/11 that the true potential for the industry became apparent and, following a short hiatus of 6 months or so, the firm was well-positioned to support the burgeoning growth which started at that time.

We had already recruited personnel in Bahrain and London to support the sector. During 2002 I largely stopped doing conventional finance work to devote myself fully to Islamic finance.

What does your role involve?

As the global leader of the Islamic Finance Group, my primary role is to co-ordinate the firm's activities in the sector. We try to ensure that all the offices and teams involved in Islamic finance know what the others are doing. We exchange market information and know-how. We are creating an extensive knowledge management resource which I believe will be very important in future years, and in due course we aim to publish practical materials and guidance based on our experiences. Inevitably, I spend a reasonable amount of time travelling to visit clients and offices and to speak at conferences and seminars.

What is your greatest achievement to date?

I think my greatest achievement has been to create a space in which the young lawyers who join Norton Rose (in many cases from non-traditional legal backgrounds) can learn new skills, can flourish both as lawyers and as individuals, and can realize their personal goals. For me, leading a high-profile area of our business is all about enabling the individual, giving that person the opportunity to set challenges and develop as a person.

Which of your products/services deliver the best results?

In delivering a legal service or product, we are focused on enabling our clients to deliver the financial products they want to offer to their customers. As commercial finance lawyers, our objective is to help our clients deliver products (old or new) and close transactions efficiently and within the law. As practitioners of Islamic finance, we have the additional responsibility of observing the Shariah.

However, if I were to identify a single product that has had the biggest impact on the perception of Islamic finance, I would probably say it was the work we have done in creating residential housing products for use in the UK property market. The fact that the product transformed from



Norton Rose is a leading international legal practice offering a full business law service from offices across Europe, the Middle East and Asia. We have over 30 years' of Islamic finance experience and are widely recognized as one of the leading legal practices in this field.

Islamic Finance forum

Would a global Shariah council, with local branches facilitating local understandings, eliminate the need for in-house Shariah boards and the expense of external advisors?

Dar Al Istithmar
دار الإستثمار



I do not think so. The Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) has existed for some time now, but it has not eliminated the need for individual Shariah boards embedded in the operations of Islamic banks and financial institutions. What may actually decrease reliance on individual Shariah scholars is not the existence of a global Shariah council, but development, wider acceptance and effective implementation of Shariah standards.

This should ensure that there is no need for fatwas from embedded Shariah boards/individual Shariah scholars for products based on such Shariah standards. However, there must remain a body (or bodies), preferably external to banks and financial institutions, to certify that such products are in compliance with the industry-wide accepted Shariah standards. Furthermore, Shariah audit firms may also be developed to ensure that the products structured in compliance with Shariah are actually used/implemented in a Shariah compliant manner.

The need for specialized institutions (like Shariah advisory firms working closely with individual Shariah scholars) will still remain, as Shariah standards are after all just standards. Financial innovation demands the imaginative use of standard practices and contracts, and this is something that should be undertaken by specialized institutions with structuring expertise and Shariah skills. Institutionalization of Shariah advisory and standardization of Shariah opinions are two equally important parameters for Shariah compliant innovation in Islamic finance. While the importance of some individual Shariah scholars may go down in the future, the Islamic finance industry will remain reliant on the services of top Shariah scholars directly or through Shariah advisory firms like Dar Al Istithmar.

DR HUMAYON DAR: Managing Director, Dar Al Istithmar London



Islamic banks and other Shariah compliant financing institutions are very different and involved in diverse activities. It is therefore preferable that each institution has its own Shariah board that can provide customized advice. For example, where an Islamic bank is extensively involved in operational leasing using Ijarah structures, its Shariah board may acquire considerable specialized knowledge in this area. In contrast, a Shariah board of an Islamic venture company may become very conversant with how to appraise Musharakah contracts.

The danger of a global Shariah council would be that it would become yet another international bureaucracy. There would be endless arguments over where it would be located and how it would be funded. It would be desirable, however, for Shariah scholars to be accredited through a professional association. This would ensure that the members of Shariah boards are professionally competent.

PROFESSOR RODNEY WILSON: Director of Postgraduate Studies, Durham University



The Premier Islamic Bank

I believe we need to understand the scope and role of in-house Shariah advisors or Shariah boards in the context of Islamic financial institutions. The role is multifaceted and is not limited to the approval of legal documentation and contracts.

The role of in-house Shariah advisor is much greater than normal product and documentation approvals – it involves continuous monitoring of IFI activities, checking and ensuring correct implementation of Shariah guidelines, performance and supervision of regular Shariah audits, approval of any extraordinary transactions, approval of deviations from the standard policies, and participation in training and research activities. An active in-house Shariah advisor also adds to the credibility of the Islamic financial institution and builds confidence in the primary stakeholders of the institution (i.e. their customers and shareholders) about adherence to the Shariah laws.

The formation of a representative global Shariah council will no doubt facilitate the standardization of Shariah rulings and will give credibility and wider acceptance to the Islamic financial institutions, but cannot eliminate the need for in-house Shariah advisors. One of the major roles of in-house Shariah advisors and related Shariah departments is very similar to internal audit or compliance functions in a financial institution where the laws are made by a central regulatory body, but these functions serve as controls built into the system to ensure transparency and proper implementation.

It's the right time for the Islamic finance industry to clarify the role of in-house Shariah advisors. This role should not be limited to the initial approval stage, but a holistic approach would be beneficial for the industry.

AHMED ALI SIDDIQUI: Manager, Product Development and Shariah Compliance, Meezan Bank

The views expressed in Islamic finance forum are those of our panelists, and not necessarily those of Islamic Finance news.

Islamic Finance *forum*

BENER LAW OFFICE
Istanbul - Turkey

In-house compliance (even when outsourced) is a relatively young development used both in the conventional and Islamic financial industries.

It is designed to protect the company and its activities, the shareholders, the stakeholders and the industry as a whole for "wrongdoings" (deliberate or accidental) within the company. Together with internal audit and external (regulatory) checks, it is considered to be an inherent need of a modern business. It can be an expensive cost addition for any financial services provider, but at the same time it is a quality label in the industry and towards investors.

A centralized or global Shariah board will not replace that need. From an industry point of view, furthermore, global Shariah positioning would probably lead to excessive prudent positioning.

PAUL WOUTERS: Of Counsel, Bener Law Office

Next Forum Question

There is no consequence for non-Muslims eating halal food. It could therefore be argued that all food should be halal so that everyone can consume without worry.

In the same way, non-Muslim investors are increasingly comfortable with Islamic financial structures. Therefore, why does the global finance industry not ensure more transactions (obvious exceptions aside!) are Shariah compliant so all investors, regardless of their religion, can participate?

If you would like to air your views on the next Islamic Finance Forum Question, please email your response of between 50 and 300 words to Christina Morgan, Forum Editor, at: Christina.Morgan@islamicfinancenews.com before Wednesday 29th November.



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UAE (Dubai)

US\$2.01 billion premiums

UAE insurers registered a 27.7% increase in premiums to Dh7.39 billion (US\$2.01 billion) in 2005. Premiums were Dh5.8 billion (US\$1.57 billion) in the previous year.

There are a total of 47 insurance companies in the UAE, of which 24 are foreign. The industry also has 17 insurance agencies and 191 insurance brokers.

Premiums for general insurance expanded by 30.4% to Dh6.18 billion (US\$1.68 billion) in 2005 and for life and savings business the figure rose by 15.5% to Dh1.21 billion (US\$329.4 million). Overall, national companies commanded 74.5% of the general insurance business and 24.3% of the life and savings market.

UAE (Dubai)

Mandatory cover for foreign workers

All employers in Dubai will soon be required by law to provide medical cover for their foreign workers, including domestic helpers and construction workers. Dubai is currently drafting a law to put the mandatory medical insurance cover for expatriate workers into effect.

USA

AIG defies WallStreet forecasts

The American International Group (AIG) reported higher than expected earnings of US\$4.02 billion in the third quarter this year, up a 17% from last year.

The company has excluded losses from the hurricane catastrophe in last year's figures. Earnings per share stood at US\$1.53. The strong performance was led by general insurance and improved results in life assurance and retirement services. AIG's combined ratio fell more than two points to 89.1, with their operating income from general insurance going up by almost a third to US\$2.63 billion. Net premiums earned rose by 10.7% to US\$11.2 billion.

AIG has entered the Islamic insurance market in Bahrain through AIG Takaful Bahrain, a move which is supported by the rapid growth of the Middle Eastern economy.

MALAYSIA

Mayban Fortis projects US\$135.8 million

Mayban Fortis Holdings (MFH) expects its pre-tax profit to reach RM500 million (US\$35.8 million) for the financial year ending on the 30th June 2009. The company aims to become the country's leading insurer following its takeover of Malaysia Nasional Insurance (MNI) and Takaful Nasional (TN).

The anticipated profit growth is underpinned by economies of scale from the three-way merger and expansion of products and services abroad.

Mayban Fortis CEO Aminuddin Md. Desa has hinted of a possible rebranding and a name change to reflect the strengths of the former Mayban Fortis as a leading bancassurance company, MNI's ability to underwrite complex insurance risks, and TN's position as the country's Takaful leader.

QATAR

Al Fajer re-Takaful in Qatar

Investment House (IH) and Global Investment House (GIH), both based in Kuwait, will launch Al Fajer Re-Takaful Insurance Company in Qatar.

The company has been approved by Qatar Central Bank and registered as a closed Kuwaiti shareholding company regulated by the Ministry of Commerce. According to Al Fajer's general manager Ahmed Mousa, the paid-up capital of Al Fajer will be KD50 million (US\$172.9 million) during the first year of operations.

GIH has appointed HSBC Insurance Brokers as business advisors to oversee Al Fajer in various aspects of its operations.

Al Fajer will operate as a re-Takaful company and is expected to obtain a 6% market share of re-Takaful business in the MENA region. By year 10, the market share is expected to reach 12%. The company is also expected to achieve an internal rate return of 16.3%.

SAUDI ARABIA

IPO underwriters appointed

One of the 13 cooperative insurance companies granted a license by the Saudi Council of Ministers (SAMA) – MedGulf – has announced that the company has mandated BMG Financial Advisors and Saudi Arabian Investment Bank (SAIB) as financial advisors, arrangers and underwriters for its IPO process.

Lutfi Al Zein, chairman and CEO of MedGulf, commented: "Over the years we have endeavored to accord quality service to our customers. Our intention to float is another step is increasing our stake holder base be it clients or investors. The seamless service that has become synonymous with MedGulf's services will mark our transition to a listed company."

SAUDI ARABIA

Standard guidelines proposed

A Takaful expert has suggested a standardized set of guidelines for the Islamic insurance sector to foster growth in an emerging market.

ABM Nurul Haq, a member of the Takaful and Re-Takaful Committee set up by the Jeddah-based Islamic Development Bank (IDB), says that Takaful companies currently rely on their own Shariah boards.

MALAYSIA

2nd Takaful and re-Takaful Convention

The Central Bank of Malaysia will jointly host the 2nd International Convention on Takaful and re-Takaful with the Islamic Banking and Finance Institute (IBMIF) and Malaysian Takaful Association (MTA).

The convention will be held on the 22nd and 23rd November. Entitled "Reshaping Takaful Landscape: Forging Global Excellence," the focus is on the multi-dimensional approaches for human capital development, financial disclosure of the Takaful industry practitioners and re-Takaful re-engineering. Bank Negara Malaysia governor, Dr Zeti Akhtar Aziz, will deliver the keynote address.

MOVES

KUWAIT FINANCE HOUSE – Malaysia

Following Raja Teh Maimunah's resignation from Unicorn Investment Bank (UIB) (see *Islamic Finance news*, Vol, 3, issue 36, page 23), she will now be joining Kuwait Finance House (KFH).

Raja Teh brings with her extensive experience in equity capital markets, corporate finance, debt capital market and asset management.

Prior to UIB, Raja Teh was with RHB Sakura Merchant Bankers as senior vice-president of investment banking, being one of the main drivers behind the establishment of the bank's investment banking division.

Raja Teh's portfolio also includes time at Commerce International Merchant Bankers (CIMB), Pengurusan Danaharta Nasional, Malaysia's national asset management company, and Peat Marwick Consultants. Raja Teh holds a law degree from the University of East London, UK.

Baljeet Kaur Grewal will also be joining KFH after leaving Aseambankers Malaysia (see *Islamic Finance news*, Vol, 3, issue 37, page 21).

At Aseambankers Baljeet acted as chief economist and head of investment banking research. Baljeet has been invited to join KFH Kuala Lumpur as director and chief economist for the Middle East and Asian markets. This appointment is in tandem with KFH's plans to penetrate the region from its Kuala Lumpur base.

EMAAR – UAE

Arif Mohammed Hadi Amiri has been appointed as head of corporate governance and investor relations of Emaar Properties.

Mr Amiri has a degree in Aviation Business Administration from the Embry Aeronautical University, Daytona Beach, USA, as well as an executive management diploma in marketing strategy and an executive diploma in organization behavior from the University of Cambridge, UK.

Arif was formerly with HSBC Middle East, where he held responsibility for enhancing profitability, sales and market share.

STANCHART – Malaysia

Julian Wynter has been appointed as the new chief executive officer for Standard Chartered Bank. Wynter replaces Shayne Nelson in this position.

Julian brings on board 30 years of experience in banking, covering key financial markets in Asia and Europe, specifically in investment banking and client relationships. He was also the CEO for Standard Chartered Japan from 2000–2003.

CREDIT SUISSE – India

Credit Suisse has appointed Raj Sehgal as head of the non-resident Indian Group Banking in the Middle East/Indian sub-continent.

Mr Sehgal was formerly with Merrill Lynch as director and global head of the non-resident Indian business. Before this appointment he spent 11 years at American Express Bank, where he took on various roles, including corporate banking head, India and financial institutions head, India/Europe and Middle East.

UAE (Dubai) – DIFC

Nasser Mohammed bin Hussein Alshaali has been appointed as chief executive officer (CEO) of the Dubai International Financial Center (DIFC).

Previous to this role, Alshaali was the chief operating officer at the Dubai International Financial Exchange (DIFX). He also assisted in the launch of the region's only international exchange for a range of financial products and attracted leading international and regional financial institutions and members to the DIFX.

Nasser was also involved in developing the strategy of the DIFC Authority, and prior to that worked in a similar role with the Dubai Technology and Media Free Zone Authority.

BADR AL ISLAMI – UAE

The recently launched Islamic finance subsidiary of Mashreqbank – Badr Al Islami – has appointed Mubashar Khokhar as chief executive officer.

Mr Khokhar has 23 years of experience in the banking industry, managing businesses in over 15 countries, including the GCC and emerging markets. He has held various senior managerial positions in Mashreqbank over the past 12 years.

Prior to joining Masreqbank, Mubashar was with the Bank of America, Pakistan for seven years and American Express Bank in Pakistan and New York for six years.

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16 - 18 December 2006, Jeddah, Saudi Arabia

<p>Conference Venue: Jeddah Hilton 16 -17 Dec 06</p> 	<p>Workshop Venue: Jeddah Chamber of Commerce 18 Dec 2006</p> 
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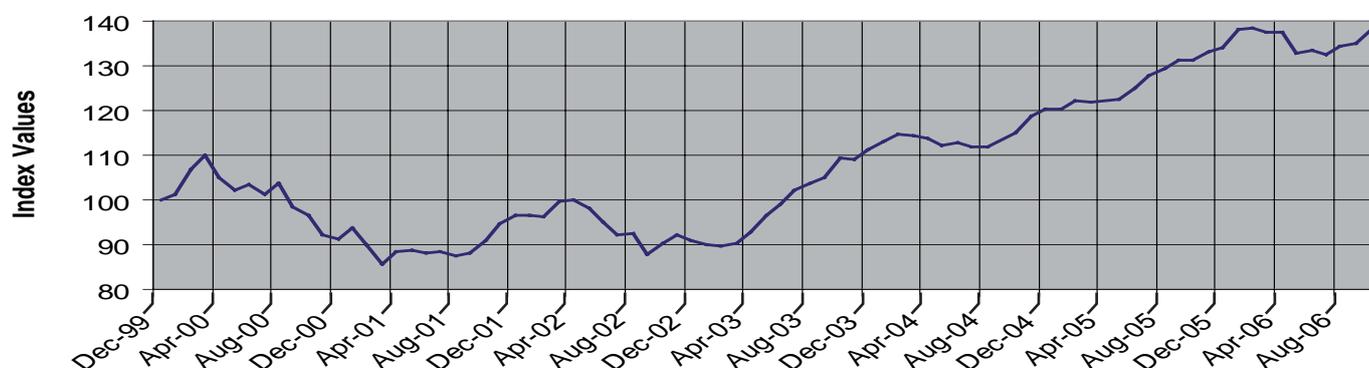
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Eurekahedge Islamic Fund Index



Eurekahedge Islamic Fund Index (as of 16th November 2006)

FUND	MANAGEMENT COMPANY	Sept Returns (%)	FUND DOMICILE
1 AAA Amanah Syariah Fund	Andalan Artha Advisindo Sekuritas	29.86	Indonesia
2 Futuregrowth Albaraka Equity Fund	Momentum Collective Investments	25.97	South Africa
3 Alfano Europe	TT International	22.92	British Virgin Islands
4 SBB Dana Al-Faiz	SBB Mutual	18.74	Malaysia
5 Amana Income	Saturna Capital Corp	17.64	United States
6 Prudential Dana Dinamik (PRUdana Dinamik)	Prudential Unit Trusts	17.26	Malaysia
7 Prudential Dana Al-Ilham (PRUdana Al-Ilham)	Prudential Unit Trusts	15.39	Malaysia
8 OSK-UOB Dana Islam	OSK-UOB Unit Trust Management	14.60	Malaysia
9 ING Ekuiti Islam Fund	ING Funds	14.52	Malaysia
10 AlAhli Europe Trading Equity Fund	The National Commercial Bank	14.51	Saudi Arabia
<i>Eurekahedge Islamic Fund Index*</i>		2.81	

Eurekahedge Islamic Fund Index (as of 16th November 2006)

FUND	MANAGEMENT COMPANY	Sept Returns (%)	FUND DOMICILE
1 Insight I-Hajj Syariah Fund	PT Insight Investments Management	4.13	Indonesia
2 Asia Pacific Adil Fund	CIMB-Principal Asset Management	4.00	Malaysia
3 Al Dar Real Estate Fund	ADAM	2.68	Kuwait
4 Al Muthanna Islamic Money Market Fund	First Investment Company	2.33	Kuwait
5 Al Darij Investment Fund	National Investments Company	1.84	Kuwait
6 Al Dar Securities Fund	ADAM	1.69	Kuwait
7 Mawarid Industrial and Petroleum Services Fund	National Investments Company	1.63	Kuwait
8 AlAhli Islamic Asia Pacific Equitybuilder Certificates	The National Commercial Bank	1.40	Germany
9 AlAhli Islamic Global Equitybuilder Certificates	The National Commercial Bank	1.29	Germany
10 BNP Islamic Equity Optimizer	BNP Paribas Asset Management	1.27	Luxembourg
<i>Eurekahedge Islamic Fund Index*</i>		0.10	

Contact Eurekahedge

To list your fund or update your fund information: islamicfunds@eurekahedge.com
 For further details on Eurekahedge: information@eurekahedge.com
 Tel: +65 6212 0900

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Data as of the 15th November, 2006

Index	Component number	Market Capitalization (US\$ billions)						Component Weight (%)	
		Full	Float adjusted	Mean	Median	Largest	Smallest	Largest	Smallest
DJIM World	2281	16234.99	13940.13	6.11	1.43	444.68	0.01	3.19	0
DJIM Asia/Pacific	906	2830.94	2056.84	2.27	0.53	96.09	0.01	4.67	0
DJIM Europe	327	3961.62	3193.7	9.77	2.59	222.32	0.11	6.96	0
DJIM US	734	8228.51	7843.01	10.69	2.71	444.68	0.18	5.67	0
DJIM Titans 100	100	7430.66	6789.24	67.89	46.81	444.68	8.22	6.55	0.12
DJIM Asia/Pacific Titans 25	25	846.06	586.46	23.46	17.95	58.98	8.22	10.06	1.4

Mean, median, largest, smallest and component weights are based on float adjusted market capitalization, not full market capitalization.

RINGGIT ISLAMIC DEBT MARKET: WEEKLY SNAPSHOT

AS AT 15th November 2006

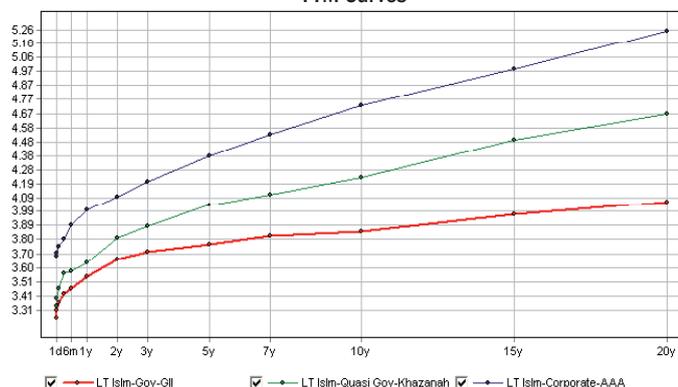
Key Benchmarks Trend (by volume)	Rating	This week close (RM)	01 November 06 (RM)	25 October 06 (RM)	18 October 06 (RM)
Private Debt Securities					
RANTAU IMTN 15.03.2011 – MTN 1	AAA (RAM)	100.74	100.94	100.79	100.79
RANTAU IMTN 0% 14.08.2013 – MTN 2	AAA (RAM)	103.95	103.9	103.67	103.2
PLUS IMTN 0% 08.10.2021 – TRANCHE 2	AAA (RAM)	46.41	46.17	45.66	45.28
JEV IMTN 0% 12.05.2017	AA3 (RAM)	118.48	n/a	n/a	n/a
JEV IMTN 0% 10.11.2017	AA3 (RAM)	110.66	n/a	n/a	n/a
Government Investment Instruments					
PROFIT-BASED GII 3/2006 15.11.2016	n/a	99.65	n/a	n/a	n/a
PROFIT-BASED GII 2/2006 14.07.2011	n/a	103.75	103.83	103.72	103.33
PROFIT-BASED GII 1/2006 14.04.2009	n/a	100.52	100.52	100.4	100.3
PROFIT-BASED GII 1/2005 16.03.2015	n/a	104.15	104.32	104.04	102.87
GII 2/2004 0.00000% 30.09.2011	n/a	83.25	83.42	83.25	82.78
Quasi Government					
KLIA 0.000% 30.01.2016 PN	n/a	126.27	126.21	124.60	123.45

SPREAD VS GII (in b.p)

	TENURE						
	1Y	2Y	3Y	5Y	7Y	10Y	
GII	3.54	3.66	3.71	3.77	3.82	3.85	
Cagamas	0.15	0.2	0.23	0.32	0.34	0.46	
Khazanah	0.1	0.15	0.18	0.27	0.29	0.38	
AAA	0.46	0.44	0.49	0.61	0.71	0.88	
AA1	0.6	0.58	0.63	0.75	0.85	1.02	
A1	1.6	1.68	1.85	2.19	2.54	2.91	

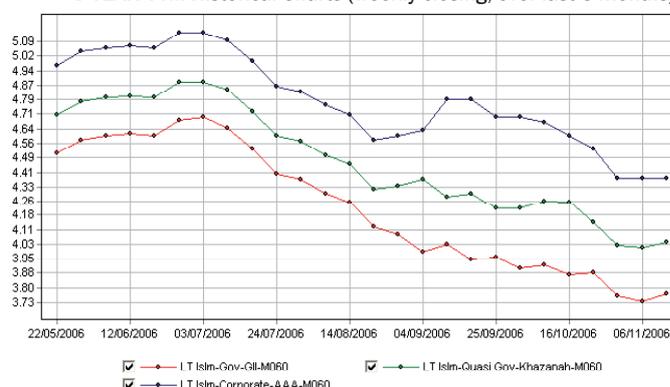
MYR ISLAMIC DEBT YIELD CURVES

YTM Curves



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5 YEAR YTM Historical Charts (weekly closing, over last 6 months)



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ISLAMIC FINANCE LEAGUE TABLES



TOP ISSUERS OF ISLAMIC DEBT						NOVEMBER 2005 – NOVEMBER 2006
Issuer or Group	Nationality	Instrument	Amt US\$ m	Iss.	%	Manager
1 PCFC Development	UAE	Convertible Sukuk	3,500	2	23.6	Barclays Capital, Dubai Islamic Bank
2 Malaysia	Malaysia	Islamic Sukuk	2,595	3	17.5	Malaysian Government bond
3 Cagamas	Malaysia	Bithaman Ajil Islamic Securities	1,003	14	6.8	Cagamas, AmMerchant, Aseambankers
4 Rantau Abang Capital	Malaysia	Sukuk Musharakah MTN	999	2	6.7	CIMB, AmMerchant
5 Rafflesia Capital	Malaysia	Periodic Payment Exchangeable Trust Certificates	750	1	5.1	CIMB Investment, HSBC Amanah, UBS
6 Projek Lebuhraya Utara Selatan (PLUS)	Malaysia	Sukuk Musharakah MTN	743	18	5.0	CIMB Investment
7 Aabar Sukuk	UAE	Exchangeable Sukuk Mudarabah	460	1	3.1	Deutsche
8 Putrajaya Holdings	Malaysia	Murabahah MTN	456	9	3.1	Alliance, CIMB, RHB Sakura
9 Maybank	Malaysia	Bai Bithaman Ajil Subordinated Bonds	416	1	2.8	Aseambankers
10 Jimah Energy Ventures	Malaysia	Istisnah Islamic MTN	308	20	2.1	AmMerchant, Bank Muamalat, MIMB, RHB Sakura
11 Segari Energy Ventures	Malaysia	Sukuk Ijarah	258	6	1.7	Aseambankers
12 Senai Desaru Expressway	Malaysia	Bai Bithaman Ajil Islamic Debt Facilities	249	26	1.7	Aseambankers
13 SIB Sukuk Co	UAE	Musharakah Sukuk	225	1	1.5	HSBC
14 Tabreed 06 Financing Corp	UAE	Sukuk Istisnah	200	1	1.3	CIMB, HSBC, Dreer Kleinwort Wasserstein
15 Sistem Penyuraian Trafik KL Barat	Malaysia	Bai Bithaman Ajil Notes Issuance Facility	136	5	0.9	United Overseas Bank (Malaysia)
16 WAPDA First Sukuk Co	Pakistan	Sukuk Ijarah	134	1	0.9	Citibank NA (Pakistan), Jahangir Siddiqui & Co, MCB
17 Sime Darby	Malaysia	Murabahah MTN	133	1	0.9	CIMB
18 Golden Crop Returns	Malaysia	Sukuk Ijarah	117	15	0.8	Affin
19 Special Power Vehicle	Malaysia	Bai Inah Islamic MTN	110	10	0.7	AmMerchant, Bank Muamalat, MIMB
20 Bank Pembangunan Malaysia	Malaysia	Murabahah MTN	109	1	0.7	CIMB, HSBC
Total of issues used in the table			14,845	298	100.0	



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Email: Catherine.Chu@Hk.Dealogic.com
Phone: +852 2804 1223; Fax: +852 2529 4377



ISLAMIC FINANCE LEAGUE TABLES



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11 SIB Sukuk Co	UAE	Musharakah Sukuk	225	1	2.2	HSBC	
12 Tabreed 06 Financing Corp	UAE	Sukuk Istisnah	200	1	1.9	CIMB, HSBC, Dreer Kleinwort Wasserstein	
13 WAPDA First Sukuk Co	Pakistan	Sukuk Ijarah	134	1	1.3	Citibank (Pakistan), Jahangir Siddiqui & Co, MCB	
14 Special Power Vehicle	Malaysia	Bai Inah Islamic MTN	110	10	1.1	AmMerchant, Bank Muamalat, MIMB	
15 Bank Pembangunan Malaysia	Malaysia	Murabahah MTN	109	1	1.0	CIMB, HSBC	
16 BNM Sukuk	Malaysia	Sukuk Ijarah	107	1	1.0	Malaysian Government bond	
17 NICBM Sukuk	Kuwait	Sukuk Musharakah	100	1	1.0	Kuwait Finance House, Standard Bank	
18 Penang Bridge	Malaysia	Redeemable Secured Serial Sukuk Istisnah	96	6	0.9	CIMB	
19 Perwaja Steel	Malaysia	Murabahah MTN	84	7	0.8	Standard Chartered	
20 Dura Palms	Malaysia	Sukuk Ijarah	77	4	0.7	Avenue Securities	
Total of issues used in the table			10,443	216	100.0		

Islamic Finance news LEAGUE TABLE DATA – IS IT CORRECT???

If you feel that the information within the league tables is incorrect then please contact the following:



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ISLAMIC FINANCE LEAGUE TABLES

ISLAMIC DEBT		NOVEMBER 2005 – NOVEMBER 2006		
Manager or Group	Amt US\$ m	Iss.	%	
1	Malaysian Government bond	2,702	4	18.2
2	CIMB	1,839	59	12.4
3	Barclays Capital	1,750	2	11.8
4	Dubai Islamic	1,750	2	11.8
5	AmMerchant	1,182	42	8.0
6	HSBC	999	12	6.7
7	Aseambankers	975	48	6.6
8	Cagamas	592	8	4.0
9	Deutsche	460	1	3.1
10	RHB	338	59	2.3
11	Citigroup	295	2	2.0
12	Standard Chartered	275	43	1.9
13	UBS	250	1	1.7
14	United Overseas	237	19	1.6
15	Alliance Investment	187	15	1.3
16	Affin	152	28	1.0
17	Bank Muamalat	134	32	0.9
18	MIDF-Sisma Securities	116	29	0.8
19	EON	114	30	0.8
20	Avenue Securities	77	4	0.5
Total of issues used in the table		14,845	298	100.0

ISLAMIC DEBT		YEAR-TO-DATE		
Manager or Group	Amt US\$ m	Iss.	%	
1	Malaysian Government bond	2,702	4	25.9
2	CIMB	1,699	42	16.3
3	AmMerchant	1,171	41	11.2
4	HSBC	924	8	8.8
5	Aseambankers	839	21	8.0
6	Cagamas	592	8	5.7
7	Deutsche	460	1	4.4
8	Citigroup	295	2	2.8
9	RHB	279	45	2.7
10	UBS	250	1	2.4
11	Alliance Investment	187	15	1.8
12	Standard Chartered	150	17	1.4
13	Bank Muamalat Malaysia	123	31	1.2
14	MIDF-Sisma Securities	116	29	1.1
15	EON	114	30	1.1
16	United Overseas	90	13	0.9
17	Avenue Securities	77	4	0.7
18	Dresdner Kleinwort	67	1	0.6
19	Standard Bank Group	59	2	0.6
20	Kuwait Finance House	50	1	0.5
Total of issues used in the table		10,443	216	100.0

ISLAMIC DEBT BY COUNTRY		NOVEMBER 2005 – NOVEMBER 2006		
	Amt US\$ m	Iss.	%	
Malaysia	9,669	287	65.1	
UAE	4,385	5	29.5	
Saudi Arabia	518	2	3.5	
Pakistan	152	2	1.0	
Kuwait	100	1	0.7	
Indonesia	21	1	0.1	
Total	14,845	298	100.0	

ISLAMIC DEBT BY COUNTRY		YEAR-TO-DATE		
	Amt US\$ m	Iss.	%	
Malaysia	8,767	207	84.0	
UAE	885	3	8.5	
Saudi Arabia	518	2	5.0	
Pakistan	152	2	1.5	
Kuwait	100	1	1.0	
Indonesia	21	1	0.2	
Total	10,443	216	100.0	

ISLAMIC DEBT BY CURRENCY		NOVEMBER 2005 – NOVEMBER 2006		
	Amt US\$ m	Iss.	%	
Malaysian ringgit	8,919	286	60.1	
US dollar	5,753	9	38.8	
Pakistan rupee	152	2	1.0	
Indonesian rupiah	21	1	0.1	
Total	14,845	298	100.0	

ISLAMIC DEBT BY CURRENCY		YEAR-TO-DATE		
	Amt US\$ m	Iss.	%	
Malaysian ringgit	8,017	206	76.8	
US dollar	2,253	7	21.6	
Pakistan rupee	152	2	1.5	
Indonesian rupiah	21	1	0.2	
Total	10,443	216	100.0	

EVENTS DIARY

DATE	EVENT	VENUE	ORGANIZER
November			
19 th – 20 th	1 st International Conference – Banking & Finance	Libya	IBC Gulf Conferences
19 th – 21 st	Trade Finance Middle East	Dubai	Terrapinn
20 th – 21 st	Middle East Capital Markets	Dubai	MEED Conferences
22 nd – 23 rd	The 2 nd International Convention on Takaful & Re-Takaful	Kuala Lumpur	IBFIM
25 th – 29 th	Kuala Lumpur International Islamic Finance Expo	Kuala Lumpur	CERT
December			
7 th – 8 th	International Leadership Summit in Islamic Finance	Kuala Lumpur	IFSB
9 th – 11 th	The World Islamic Banking Conference & Exhibition	Manama	Mega Events
12 th	Labuan – IOFC The Investment Route to Asia	Kuala Lumpur	Redmoney
16 th – 18 th	The Islamic Real Estate Finance IREF 2006	Jeddah	ICG
21 st	Roundtable Discussion on Debatable Shariah Risk Mitigation Techniques	Sudan	IFSB
January			
24 th – 25 th	5 th Annual Islamic Banking & Finance Summit	London	Euromoney
February			
12 th – 13 th	Marketing Islamic Banking Products Conference	Kuala Lumpur	ABF Asia
13 th – 14 th	Islamic Finance Asia 2007	Singapore	IQPC

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