

SHARIAH CAPITAL, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2009 AND 2008

SHARIAH CAPITAL, INC.

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Rothstein Kass

INDEPENDENT AUDITORS' REPORT

To the Stockholders of
Shariah Capital, Inc.

We have audited the accompanying balance sheet of Shariah Capital, Inc. (the "Company"), as of December 31, 2009 and the related statement of operations, change in stockholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The balance sheet as of December 31, 2008 and the related statement of operations, change in stockholders' equity and cash flows for the year then ended were audited by another independent accounting firm whose report dated June 29, 2009 expressed an unqualified opinion on such financial statements before the restatement as discussed in Note 10.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of Shariah Capital, Inc. at December 31, 2009, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 10 to the financial statements, the 2008 financial statements have been restated for the inaccurate recognition of stock-based compensation expense during 2007. We have audited the adjustment described in Note 10 that was applied to restate the 2008 financial statements, and in our opinion, such adjustment is appropriate and has been properly applied.

Rothstein, Kass & Company

June 28, 2010
New York, New York

SHARIAH CAPITAL, INC.

BALANCE SHEETS

December 31,	2009	2008
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,932,629	\$ 3,782,537
Certificates of deposit	2,725,722	1,783,090
Fees receivable	434,732	282,373
Due from related parties	111,527	180,680
Prepaid expenses and other current assets	28,040	71,661
Total current assets	5,232,650	6,100,341
Property and equipment, net	6,463	8,442
	<u>\$ 5,239,113</u>	<u>\$ 6,108,783</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued expenses	\$ 103,533	\$ 146,930
Investment in DSAM Joint Venture	2,341	6,399
Total current liabilities	105,874	153,329
Stockholders' equity		
Common stock, \$.01 par value, 70,000,000 shares authorized; 61,744,132 shares issued at December 31, 2009 and 2008	617,441	617,441
Additional paid-in capital	12,583,785	11,747,738
Accumulated deficit	(7,962,644)	(6,324,825)
Treasury stock at cost, 73,900 and 42,450 shares at December 31, 2009 and 2008, respectively	(105,343)	(84,900)
Total stockholders' equity	5,133,239	5,955,454
	<u>\$ 5,239,113</u>	<u>\$ 6,108,783</u>

SHARIAH CAPITAL, INC.

STATEMENTS OF OPERATIONS

Years Ended December 31,	2009	2008
Revenue		
Advisory fee income	\$ 1,394,963	\$ 330,300
Consulting fee income	113,166	137,230
Expense reimbursement	27,300	24,185
Total revenue	<u>1,535,429</u>	<u>491,715</u>
Expenses		
Payroll and employee benefits	1,169,329	1,345,676
AIM expenses	91,130	98,225
Computer expenses	101,848	39,206
Depreciation	3,036	2,472
Insurance	57,912	65,929
Marketing	17,197	21,085
Office expense and supplies	14,708	15,526
Professional fees and other	389,728	412,445
Registrar fees	13,522	14,518
Rent	96,175	134,117
Research and development		62,251
Other taxes	15,810	21,229
Stock-based compensation	836,047	937,267
Telephone	12,291	16,138
Travel and entertainment	52,561	198,482
Total expenses	<u>2,871,294</u>	<u>3,384,566</u>
Loss from operations	(1,335,865)	(2,892,851)
Other income		
Interest and dividend income	48,797	167,925
Loss attributable to unconsolidated joint venture	<u>(350,751)</u>	<u>(249,402)</u>
Net loss	<u>\$ (1,637,819)</u>	<u>\$ (2,974,328)</u>
Loss per share, basic and diluted	<u>\$ (0.03)</u>	<u>\$ (0.05)</u>
Weighted average shares outstanding, basic and diluted	<u>60,250,707</u>	<u>59,436,388</u>

See accompanying notes to financial statements.

SHARIAH CAPITAL, INC.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Years Ended December 31, 2009 and 2008

	Common Stock		Additional	Accumulated	Treasury	Total
	Shares	Amount	Paid-in	Deficit	Stock	Stockholders'
			Capital			Equity
Balances , December 31, 2007, restated	58,588,100	\$ 585,881	\$ 5,198,654	\$ (3,350,497)	\$ -	\$ 2,434,038
Stock-based compensation			937,267			937,267
Issuance of common stock	3,156,032	31,560	5,611,817			5,643,377
Purchase of treasury stock					(84,900)	(84,900)
Net loss				(2,974,328)		(2,974,328)
Balances , December 31, 2008, restated	61,744,132	\$ 617,441	\$ 11,747,738	\$ (6,324,825)	\$ (84,900)	\$ 5,955,454
Stock-based compensation			836,047			836,047
Purchase of treasury stock					(20,443)	(20,443)
Net loss				(1,637,819)		(1,637,819)
Balances , December 31, 2009	61,744,132	\$ 617,441	\$ 12,583,785	\$ (7,962,644)	\$ (105,343)	\$ 5,133,239

See accompanying notes to financial statements.

SHARIAH CAPITAL, INC.

STATEMENTS OF CASH FLOWS

Years Ended December 31,	2009	2008
Cash flows from operating activities		
Net loss	\$ (1,637,819)	\$ (2,974,328)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Stock-based compensation	836,047	937,267
Loss attributable to unconsolidated joint venture	350,751	249,402
Unrealized appreciation	(3,221)	
Depreciation	3,036	2,472
Increase (decrease) in cash attributable to changes in operating assets and liabilities:		
Fees receivable	(152,359)	(282,373)
Prepaid expenses and other current assets	43,621	21,414
Accounts payable and accrued expenses	(43,397)	47,058
Net cash used in operating activities	(603,341)	(1,999,088)
Cash flows from investing activities		
Purchase of certificates of deposit	(1,160,005)	
Redemptions of certificates of deposit	220,594	431,287
Purchase of property and equipment	(1,057)	(4,535)
Investment in DSAM Joint Venture	(354,809)	(243,003)
Net cash provided by (used in) investing activities	(1,295,277)	183,749
Cash flows from financing activities		
Purchase of treasury stock	(20,443)	(84,900)
Due from related parties	69,153	(115,505)
Proceeds from sale of common stock, net of AIM expenses		5,643,377
Net cash provided by financing activities	48,710	5,442,972
Net change in cash and cash equivalents	(1,849,908)	3,627,633
Cash and cash equivalents, beginning of year	3,782,537	154,904
Cash and cash equivalents, end of year	\$ 1,932,629	\$ 3,782,537
Supplemental disclosures of cash flow information:		
Cash paid for income taxes	\$ 15,810	\$ 21,229

See accompanying notes to financial statements.

SHARIAH CAPITAL, INC.

NOTES TO FINANCIAL STATEMENTS

1. Nature of operations

Shariah Capital, Inc. (the "Company") was incorporated on September 6, 2006 as a Delaware Corporation. The Company creates and customizes Shariah-compliant financial products and platforms and provides Shariah consulting and advisory services primarily to financial institutions and investment management firms with product initiatives directed to Islamic investors in the Middle East and Far East and, specifically to, Islamic institutional and high net worth investors. The Company has built proprietary solutions endorsed by prominent Shariah scholars that enable hedge fund and other alternative investment managers to manage their portfolios consistent with their existing strategies and processes while complying with Shariah. The Company is exploring business opportunities with financial and investment management firms in Europe, Asia and the United States.

2. Summary of significant accounting policies

Basis of Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

These financial statements were approved by management and available for issuance on June 28, 2010. Subsequent events have been evaluated through this date.

Reclassifications

For comparability, certain 2008 amounts have been reclassified to conform to the financial statement presentation used in 2009. For example, certain expenses related to maintenance (data feeds) have now been included in computer expenses.

Cash and Cash Equivalents and Concentration of Credit Risk

Cash and cash equivalents include cash held in banks and money market funds with original maturities of three months or less. The Company maintains cash balances in certain financial institutions which, at times, may exceed federally insured limits. The Company has not experienced any losses on these accounts, and believes it is not subject to any significant credit risk.

Fees Receivable and Allowance for Doubtful Accounts

Fees receivable consist of advisory fees and consulting fees. Advisory fees are based on the percentage of the net assets of the fund for which the Company serves as the Shariah advisor. Consulting fees primarily consist of up-front non-refundable fees earned upon the commencement of the engagement, pursuant to the service agreements; a progress fee based upon completion of certain deliverables and a final payment based upon the completion of the consulting and advisory services. Advisory fees and consulting fees are recognized in the year they are earned. On a periodic basis, the Company evaluates its fees receivable and determines if an allowance for doubtful accounts is necessary, based on the history of collections and current credit conditions. No allowance for doubtful accounts is deemed necessary at December 31, 2009 and 2008.

SHARIAH CAPITAL, INC.

NOTES TO FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued)

Property and Equipment

Property and equipment is stated at cost less accumulated depreciation. The Company provides for depreciation utilizing the straight-line method over the estimated useful lives of the related assets. Computer equipment is depreciated using an estimated useful life of five years. Expenditures for repairs and maintenance are charged to expense as incurred.

Long-Lived Assets

The Company accounts for long-lived assets under GAAP which requires the Company to review for impairment of long-lived assets, whenever events or changes in circumstances indicate that the carrying amount of an asset might not be recoverable. When such an event occurs, management determines whether there has been an impairment by comparing the anticipated undiscounted future net cash flows to the related asset's carrying value. If an asset is considered impaired, the asset is written down to fair value, which is determined based either on discounted cash flows or appraised value, depending on the nature of the asset. The Company did not have any impairment losses on long-lived assets for the years ended December 31, 2009 and 2008.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Stock-Based Compensation

GAAP requires an entity to measure the cost of employees services received in exchange for stock-based awards based on the grant date fair value of the awards. The grant date fair value of employee restricted stock-based awards will be estimated based on the market price of the Company's stock on the date of the grant. All stock-based awards granted to employees are recognized as compensation expense over the service period (generally the vesting period) in the financial statements based on their fair values established at the time the awards are granted. GAAP requires the Company to estimate the future forfeitures which has an impact on stock-based compensation expense. GAAP also requires the realization of tax benefits in excess of amounts recognized for financial reporting purposes to be recognized as a financing activity rather than an operating activity in the statements of cash flows.

If an award is modified after the grant date, incremental compensation expense, if any, will be recognized in an amount equal to the excess of the fair value of the modified award over the fair value of the original award immediately before modification.

For non-employee stock-based awards, the Company recognizes an expense in accordance with GAAP and values the stock-based award on the fair value of the grant date of the award with subsequent adjustments based on the fair value of the award as it vests. The fair value of the restricted stock-based award is estimated based on the market price of the Company's stock.

SHARIAH CAPITAL, INC.

NOTES TO FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued)

Income Taxes

The Company is responsible for minimum taxes to the States of Delaware and Connecticut. Due to losses incurred for the years ended December 31, 2009 and 2008, no income tax provision for Federal taxes has been recorded in the accompanying financial statements.

The Company complies with the provisions of GAAP which requires an asset and liability approach to financial reporting for income taxes. Deferred income tax assets and liabilities are computed for differences between the financial statement and tax bases of assets and liabilities that will result in future taxable or deductible amounts, based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established, when necessary, to reduce deferred income tax assets to the amount expected to be realized.

In accordance with GAAP, the Company is required to determine whether a tax position is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. The Company files an income tax return in the U.S. federal jurisdiction, and may file income tax returns in various U.S. state and local jurisdictions. Generally the Company is no longer subject to income tax examinations by major taxing authorities for years before 2006. The tax benefit recognized is measured as the largest amount of benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. De-recognition of a tax benefit previously recognized results in the Company recording a tax liability that reduces retained earnings. This policy has been applied to all existing tax positions upon the Company's initial adoption for the year ended December 31, 2008. Based on its analysis, the Company has determined that the adoption of this policy did not have a material impact on the Company's financial statements upon adoption. However, the Company's conclusions regarding this policy may be subject to review and adjustment at a later date based on factors including, but not limited to, on-going analyses of and changes to tax laws, regulations and interpretations thereof. The Company recognizes interest accrued and penalties related to unrecognized tax benefits in income taxes payable, if assessed. No interest or penalties have been assessed for the years ended December 31, 2009 and 2008.

Valuation of Investments in Securities at Fair Value – Definition and Hierarchy

In accordance with GAAP, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

SHARIAH CAPITAL, INC.

NOTES TO FINANCIAL STATEMENTS

2. Summary of significant accounting policies (continued)

Valuation of Investments in Securities at Fair Value – Definition and Hierarchy (continued)

In determining fair value, the Company uses various valuation approaches. In accordance with GAAP, a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs reflect the Company's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Valuation Techniques

The Company values investments in mutual funds, which are included in cash and cash equivalents, based on the quoted market price of the net asset value of shares held at year end. Certificates of deposits are based on a market value pricing model.

Loss Per Share

Loss per share is based on the weighted average number of common shares outstanding. The Company complies with GAAP, which requires dual presentation of basic and diluted earnings per share on the face of the statement of operations. Basic loss per share excludes dilution and is computed by dividing income available to common stockholders by the weighted-average common shares outstanding for the year.

The unvested weighted average of the restricted stock granted to employees of 1,493,425 and 1,653,401 for the years ended December 31, 2009 and 2008, respectively, are antidilutive and have been excluded from the computation of loss per share.

Treasury Stock

During December 2008, the Company acquired 42,450 shares of common stock for approximately \$2.00 from an employee relating to the vesting of certain restricted stock which is held as treasury stock by the Company. During December 2009, the Company acquired 31,450 shares of common stock for approximately \$0.65 from an employee.

SHARIAH CAPITAL, INC.

NOTES TO FINANCIAL STATEMENTS

3. Property and equipment

Property and equipment consists of the following at December 31, 2009 and 2008:

	2009	2008
Computer equipment	\$ 16,151	\$ 15,094
Less accumulated depreciation	<u>9,688</u>	<u>6,652</u>
	<u>\$ 6,463</u>	<u>\$ 8,442</u>

Depreciation expense amounted to approximately \$3,000 and \$2,000 for the years ended December 31, 2009 and 2008, respectively.

4. Fair value measurements

The Company's assets recorded at fair value have been categorized based upon a fair value hierarchy in accordance with GAAP. See Note 2 for a discussion of the Company's significant accounting policies.

The following table presents information about the Company's assets measured at fair value as of December 31, 2009 and 2008:

	2009 Quoted Prices in Active Markets for Identical Assets (Level 1)	2008 Quoted Prices in Active Markets for Identical Assets (Level 2)
Assets (at fair value)		
Investment in mutual funds	<u>\$ 498,605</u>	<u>\$ 3,601,865</u>
Certificates of deposit	<u>\$ 2,725,722</u>	<u>\$ 1,783,090</u>

5. Stock-based compensation

The Company granted 2,700,000 shares of restricted stock on December 7, 2006 to several employees which vest over three years. The fair value of the shares on the grant date was \$2,700,000. In December 2007, the Company amended the terms of the granted restricted stock awards. The amendment increased the December 7, 2006 shares for certain employees by 5% or 47,500 shares, and extended the vesting period from December 7, 2007 to March 31, 2008, subject to earlier acceleration at the option of the Company. In December 2008, the Company amended the terms of the granted restricted stock awards for two of its employees. The amendment extended the vesting date for 600,000 shares of common stock from December 7, 2008 to December 7, 2009.

SHARIAH CAPITAL, INC.

NOTES TO FINANCIAL STATEMENTS

5. Stock-based compensation (continued)

In December 2009, the Company amended the terms of the granted restricted stock awards for two of its employees. The amendment extended the vesting date for 1,400,000 shares of common stock from December 7, 2009 to December 7, 2010.

The fair value of each restricted stock award was estimated on the date of grant or the date of modification, if there was an additional incremental compensation cost, based on the market price of the Company's stock at that date.

Stock-based compensation expense amounted to approximately \$836,000 and \$937,000 for the years ended December 31, 2009 and 2008, respectively. The stock-based compensation expense to be recognized in future years is approximately \$4,000 at December 31, 2009 and is expected to be recognized over the remaining vesting periods.

6. Income taxes

The Company has available net operating loss carry forward of approximately \$5,753,000 to offset future taxable income expiring at various dates through 2029.

The Company has a deferred tax asset of approximately \$2,400,000 and \$3,385,000 at December 31, 2009 and 2008, respectively, and has recorded a tax benefit of approximately \$2,400,000 and \$3,385,000 for the years ended December 31, 2009 and 2008, respectively, primarily for the tax effect of stock-based compensation expense. In recognition of the uncertainty regarding the ultimate amount of income tax benefit to be derived, the Company has recorded a valuation allowance at December 31, 2009 and 2008 for the full amount of the deferred tax asset.

7. Commitments and contingencies

Operating Leases

In February 2010, the Company entered into an operating lease for its corporate office in Connecticut, which expires in January 2011, with an optional one year extension. Rent expense amounted to approximately \$96,000 and \$134,000 for the years ended December 31, 2009 and 2008, respectively.

The Company has a month-to-month operating lease agreement for its corporate office in Dubai, which commenced in April 2007 and ended in July 2008.

The minimum annual rental payments are as follows:

Year ending December 31,

2010	\$	66,000
2011		6,000
		<hr/>
	\$	72,000
		<hr/>

SHARIAH CAPITAL, INC.

NOTES TO FINANCIAL STATEMENTS

7. Commitments and contingencies (continued)

Employment Agreements

The Company entered into employment agreements with its management employees effective December 7, 2006, whereby annual salaries aggregate \$1,050,000. The agreements have no termination date; however, they provide for six to twelve months notice of termination and annual salaries to be paid through the termination date. In addition, the agreement with the Chairman and Chief Executive Officer of the Company provides for a \$650,000 termination fee.

The Company paid cash bonuses to certain employees as additional compensation for services rendered in the amount of approximately \$1,000 and \$132,000 for the years ended December 31, 2009 and 2008, respectively.

Non-Executive Director Service Agreement

A non-executive director for the Company received compensation of approximately \$16,000 for serving as a member on the Board of Directors of the Company for each of the years ended December 31, 2009 and 2008.

8. Related party transactions

During 2008, the Company and other enterprises formed the Al Safi Trust, a Cayman Islands trust with related sub-trusts ("Al Safi"). Al Safi is a Shariah-compliant alternative investment platform, and the first platform to provide an infrastructure for long and short-term Shariah-compliant investments. The Company is the Shariah adviser and receives a Shariah advisory fee based on the net asset value of all Al Safi sub-trusts. In September 2008, three sub-trusts were formed on Al Safi, each of which was seeded with \$50,000,000 by the Dubai Multi Commodities Centre Authority ("DMCCA"). In November 2008, a fourth sub-trust was seeded by DMCCA in the amount of \$50,000,000, for an aggregate total of \$200,000,000 in invested capital. Advisory fee income from Al Safi amounted to approximately \$1,395,000 and \$330,000 for the years ended December 31, 2009 and 2008, respectively. Consulting fee income from Al Safi amounted to approximately \$23,000 and \$37,000 for the years ended December 31, 2009 and 2008, respectively.

In connection with forming the Al Safi Trust, the Company announced a joint venture with DMCCA. The joint venture entity, Dubai Shariah Asset Management Company, Ltd. ("DSAM") is owned 51 percent by Dubai Commodity Asset Management ("DCAM"), which is wholly owned by DMCCA, and 49 percent by the Company. The investment is accounted for under the equity method of accounting for long-term investments. In conjunction with the joint venture, DMCCA purchased a 4.99% equity share of the Company and an executive from DMCCA was elected to the Company's Board of Directors as a non-executive director.

DSAM develops and manages Shariah-compliant investment products focused on commodities. DSAM has the right to assess a fee based on a percentage of the net asset value of the four sub-trusts seeded by the DMCCA (exclusive of capital invested by the DMCCA).

The Company is the Shariah adviser to DMCCA for related Shariah-compliant investments. Consulting fee income from the DMCCA amounted to approximately \$90,000 and \$100,000 for the years ended December 31, 2009 and 2008, respectively.

DCAM and the Company each pay expenses on behalf of DSAM and these payments are considered capital contributions to DSAM.

SHARIAH CAPITAL, INC.

NOTES TO FINANCIAL STATEMENTS

8. Related party transactions (continued)

The Company's loss attributable to DSAM amounted to approximately, \$351,000 and \$249,000, for the years ended December 31, 2009 and 2008, respectively and is included in the accompanying statements of operations.

The Company had a receivable from DMCCA in the amount of approximately \$112,000 and \$181,000 at December 31, 2009 and 2008, respectively, based on the allocation of expenses from DSAM. These amounts were subsequently repaid by DMCCA in January 2010 and March 2009, respectively.

Subsequent to December 31, 2009, the DMCCA issued a letter committing to maintain investment capital (net of investment losses) of no less than \$100,000,000 in sub-trusts of Al Safi Trust through April 30, 2011. The DMCCA redeemed a portion of its investment capital at the end of the first quarter of 2010, and the Company anticipates DMCCA will redeem an additional amount of capital at the end of the second quarter of 2010, subject to the DMCCA's capital commitment.

9. Major customers

The Company had advisory fee income from one related party that accounted for 100% of the Company's total advisory fee income for the years ended December 31, 2009 and 2008.

The Company had consulting fee income from two related parties that accounted for approximately 100% of the Company's total consulting fee income for the years ended December 31, 2009 and 2008.

10. Restated financial statements

The 2008 financial statements were restated by management of the Company due to the inaccurate recognition of stock-based compensation during 2007. The restatement adjustments reduced the previously reported additional paid-in capital and accumulated deficit by approximately \$690,000.