

Regulatory Story

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Shariah Capital Inc. ("Shariah Capital" or "the Company")

Final Results for the year ended 31 December 2008

The Board of Shariah Capital is pleased to announce Shariah Capital's final results for the year ended 31 December 2008.

Shariah Capital is a U.S.-based company that creates and customizes Shariah compliant financial products and platforms and provides selective Shariah consulting and advisory services primarily to global financial institutions and investment firms with product initiatives directed to Islamic investors. The Company is best known for its pioneering efforts in Shariah compliant hedge funds. It developed a proprietary software engine for screening stocks electronically, devised a Shariah compliant, arboon-based short sale methodology and modified prime brokerage documentation that led to one of the first Shariah compliant hedge funds and fund of hedge funds.

2008 HIGHLIGHTS

2008 was characterized by a number of important events for Shariah Capital.

Al Safi Trust

Shariah Capital jointly announced with Barclays Capital in 2007 the development of the Al Safi Trust, a comprehensive Shariah compliant platform for alternative investments ("Al Safi"). Al Safi was launched in June of 2008. Designed as a "one-stop" platform for single strategy hedge funds and other alternative investments, Al Safi provides Shariah screening along with prime brokerage, administration and trustee oversight within a pre-established Cayman trust framework. Al Safi is a fully transparent investment platform, with all operational functions (*e.g.* auditing, administration, custody, etc) separated among service providers. More significantly, by utilizing Shariah Capital's proprietary arboon-sales solution to effect short

positions, Al Safi investment managers are able to manage their Shariah compliant strategies the same way they manage their conventional long/short funds.

Relationship with Dubai Multi Commodities Centre Authority (DMCCA)

Shariah Capital strengthened its relationship significantly with DMCCA in 2008.

In March 2008, DMCCA purchased a 4.99% equity position in Shariah Capital. Subsequently, DMCCA's Chief Executive, Dr. David Rutledge, was elected to our board of directors.

Later, in mid-2008, Shariah Capital formed a joint venture with DMCCA, known as Dubai Shariah Asset Management ("DSAM"). Dubai Commodity Asset Management (DCAM), a wholly-owned division of DMCCA, is our partner in DSAM. DCAM is an investment company licensed by the United Arab Emirates (UAE) Central Bank that distributes investment products in the UAE. DCAM owns 51% of DSAM; Shariah Capital owns 49%.

Funding the Al Safi Trust Platform

In September 2008, during a period of global market turmoil, DMCCA seeded three Shariah compliant, commodity-focused long/short equity hedge fund managers on the Al Safi Trust platform, each with \$50 million. A fourth manager was seeded with \$50 million in November, 2008.

DMCCA's total investment of \$200 million represented a milestone for Shariah Capital and a major step forward for Islamic finance. For Shariah Capital, funding represented the culmination of years of effort - from countless hours with lawyers and Shariah scholars and building Shariah screening software to enlisting support from a major prime broker and securing the financial commitment of a sovereign government. For the Islamic finance industry, it was the first time an independent platform offered a Shariah methodology to Islamic investors in which established investment managers and their strategies met exacting Shariah criteria with an objective of generating competitive returns at industry-comparable fees.

The four hedge fund managers and their strategies seeded by DMCCA were Tocqueville Asset Management, L.P. (gold), Lucas Capital Management, L.L.C. (energy), Zweig-DiMenna International Managers, Inc. (natural resources) and BlackRock Capital Management, Inc. (global resources and mining). Except on DMCCA's seed capital, DSAM earns a fee on all assets invested in these funds.

DSAM has formed four feeder funds, branded as the "DSAM Kauthar" funds, to invest in the Al Safi sub-trusts described above. The DSAM Kauthar funds invest exclusively into the corresponding manager strategies on the Al Safi Trust platform. The funds are the DSAM Kauthar Gold Fund, Ltd., DSAM Kauthar Energy Fund, Ltd., DSAM Kauthar Natural Resources Fund, Ltd. and DSAM Kauthar Global Resources & Mining Fund, Ltd. Investors can subscribe to the individual DSAM Kauthar funds or to a fifth fund, a fund-of-funds, equally-weighted among the four strategies, called the DSAM Kauthar Commodity Fund, Ltd. (DKCF). DKCF, as well as the single-strategy funds, were launched 1 January 2009 and currently are open for investment.

Creating a New Shariah Hedge Fund Index

At the end of 2008, the Company engaged Thomson Reuters to calculate and report an equally-weighted, non-investable index comprised of the four single strategy DSAM Kauthar funds.

Entitled the Dubai Shariah Hedge Fund Index (or "DUBSHF" on Thomson Reuters' screen pages), the index reflects the broader performance of DKCF and represents the first published index of Shariah compliant hedge funds. DUBSHF provides a performance benchmark for the Islamic finance industry and may also signify a first step toward the development of a new class of Shariah compliant hedge fund ETF's (exchange traded funds), an investment area of keen interest in the Gulf.

Among several advisory mandates in 2008, the Company was engaged by DMCCA to serve as the Shariah advisor for Dubai Gold Securities (DGS), an exchange-traded commodity (ETC) instrument listed on NASDAQ Dubai. Each DGS certificate represents 1/10th of one ounce of allocated gold held by an independent custodian. The publicly-traded certificate program was launched in early 2009.

PERSONNEL

The Company's plans for adding to its permanent staff were curtailed by the global financial crises that occurred in 4Q08. As the Company adopted strict cost controls in reaction to the downturn, there were no new hires in 2008 and no changes in personnel. The Company continues to evaluate its personnel needs in relation to its opportunities.

FINANCIAL REVIEW

During the twelve months ended 31 December 2008, Shariah Capital realized, for book purposes, a net loss of \$2,974,328 compared to a loss of \$3,451,854 for the same period in 2007. The Company generated \$330,300 of revenue from the Al Safi Trust managed accounts funded in 2008, its first year of fee income. The Company recorded an equity loss of \$249,402 in the unconsolidated DSAM joint venture, the result of start-up costs associated with this entity.

General and Administrative Expenses declined to \$3,236,847 in 2008 from \$3,595,151 in 2007, primarily as a result of lower stock compensation expenses. General and Administrative Expenses in 2008 were comprised largely of payroll and stock compensation expenses, as well as legal fees and travel associated with finalizing the Al Safi Trust and DSAM. Net cash used in operations was \$1,999,088 in 2008 and \$2,202,213 in 2007.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash, cash equivalent and certificates of deposit stood at approximately \$5.6 million at the end of 2008, including sale proceeds of new shares to DMCCA. This compares to cash, cash equivalents and certificates of deposit at the end of 2007 of approximately \$2.4 million. The Company believes its cash and cash equivalent position is sufficient to fulfill existing commitments and pursue additional new business.

AWARDS

Shariah Capital was awarded the prestigious Master of Islamic Funds Award in 2007 in the "Best Innovation/New in Islamic Funds" category. I am pleased to report that Shariah Capital was named "Best U.S. Islamic Financial Services Firm" in 2008 by Global Finance magazine.

In 2009, I was privileged to receive the "Special Merit Award for Outstanding Industry Contribution" for my work developing Shariah compliant hedge funds and funds-of-funds. The Al Safi Trust also was named "Best Islamic Alternative Product" at the Hedge Funds World Middle East Conference in early 2009.

OUTLOOK

As Shariah advisor to the Al Safi Trust platform, the Company earned fee income last year when the four hedge fund strategies were funded. With the platform now operational and 1H09 performance of the DSAM Kauthar managers well above the long/short equity hedge fund averages, the Company is working actively, with Barclays Capital Prime Brokerage Solutions, to attract additional managers to the platform. With hedge funds suffering substantial drawdowns and redemptions in 2008, however, the current environment for hedge funds is challenging and may remain so throughout 2009. Likewise Middle Eastern institutional investors, our target market, remain cautious in their investment appetite following the financial crisis. It is difficult to predict when this investment appetite will return.

In that context, the Company continually is exploring new product areas including ETF's, private equity and real estate where its Shariah capabilities can add value. We recognize the need to diversify our revenue sources and increase new business opportunities for the firm. Still, our strategy of developing innovative Shariah compliant investment products with strategic multinational partners remains unchanged.

With the formal launch and funding of the Al Safi Trust platform and the DSAM Kauthar Funds, Shariah Capital has established itself as a frontrunner in the world of alternative Islamic Finance. By forging strategic relationships with the likes of Barclays, world-class investment managers and the Dubai Government, the Company has demonstrated it can create true "best of breed" solutions for both Western investment managers and prime brokers as well as for sophisticated institutional investors with a Shariah compliant mandate.

SUMMARY

Our award as the "Best U.S. Islamic Financial Services Firm" and the "Best Islamic Alternative Product" award for Al Safi together best summarize 2008 for Shariah Capital. They distinguish the Company's success in launching the Al Safi Trust platform and securing funding for its initial managers in one of the most difficult market environments in 80 years. We are gratified that the industry acknowledges our commitment --with the highest levels of professionalism and diligence-- to build Shariah compliant financial products. We remain well-positioned to benefit from the increasing demand for Islamic products and to promote our global brand.

We are grateful to our shareholders for their continued confidence and support.

Eric Meyer
Chairman & CEO

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Balance Sheet

<i>December 31,</i>	2008	2007
Assets		
Cash and cash equivalents	\$3,782,537	\$154,904
Certificates of deposit	1,783,090	2,214,377
Fees and miscellaneous receivables	282,373	-
Due from related parties (Note 2)	180,680	65,175
Prepaid expenses and other current assets	71,661	93,075
Total current assets	\$6,100,341	\$2,527,531
Property and equipment-net (Note 3)	8,442	6,379
Total assets	\$6,108,783	\$2,533,910
Liabilities and Stockholders' Equity		
Accounts payable	\$-	\$956
Investment in DSAM Joint Venture (Note 8)	6,399	-
Accrued expenses and other current liabilities	146,930	98,916
Total liabilities	\$153,329	\$99,872
Commitments (Note 4)		
Stockholders' equity:		
Common stock, \$.01 par value, 70,000,000 shares authorized; 61,744,132 and 58,588,100 shares issued and outstanding for 2008 and 2007, respectively	617,441	585,881
Treasury stock at cost, 42,450 shares (Note 2)	(84,900)	-
Additional paid in-capital	12,437,557	5,888,473
Deficit	(7,014,644)	(4,040,316)
Total stockholders' equity	5,955,454	2,434,038
Total liabilities and stockholders' equity	\$6,108,783	\$2,533,910

See accompanying significant accounting policies and notes to financial statements.

Statements of Operations

<i>Years ended December 31,</i>	2008	2007
Revenues		
Fee income	\$ 330,300	\$ -
Consulting	137,230	104,929
Interest income	151,451	145,246

Dividend income	16,473	-
Expense reimbursement	24,185	-
Rental income (Note 4)	3,000	21,000
Total revenues	\$662,639	\$ 271,175
Expenses		
General and administrative expenses (Notes 3, 4, and 6)	\$ 3,236,847	\$ 3,595,151
R&D expenses	62,251	103,017
Consulting expenses	88,467	24,861
Total expenses	\$ 3,387,565	\$ 3,723,029
Operating loss	\$(2,724,926)	\$ (3,451,854)
Equity in loss of unconsolidated joint venture (Note 8)	\$ (249,402)	-
Net loss	\$(2,974,328)	\$ (3,451,854)
Loss per share, basic and diluted	\$ (.05)	\$ (.06)
Weighted average shares outstanding, basic and diluted	59,436,388	55,821,285

See accompanying significant accounting policies and notes to financial statements.

Statements of Changes in Stockholders' Equity

Years ended December 31, 2008 and 2007

	Common Stock		Treasury Stock	Additional	Deficit	Total
	Shares	Amount		paid-in capital		
Balance at January 1, 2007	58,440,600	\$ 584,406	\$ -	\$ 4,164,899	\$ (588,462)	\$ 4,160,843
Shares issued for services	100,000	1,000	-	124,000	-	125,000
Restricted stock compensation expense (Note 6)	-	-	-	1,601,918	-	1,601,918
Issuance of restricted common stock	47,500	475	-	(475)	-	-
AIM offering expenses	-	-	-	(1,869)	-	(1,869)
Net loss	-	-	-	-	(3,451,854)	(3,451,854)
Balance at December 31, 2007	58,588,100	\$585,881	\$ -	\$5,888,473	\$ (4,040,316)	\$ 2,434,038
Restricted stock compensation expense (Note 6)	-	-	-	937,267	-	937,267
Issuance of common stock (Note 8)	3,156,032	31,560	-	5,611,817	-	5,643,377
Purchase of treasury stock (Note 2)	-	-	(84,900)	-	-	(84,900)
Net loss	-	-	-	-	(2,974,328)	(2,974,328)
Balance at December 31, 2008	61,744,132	\$617,441	\$(84,900)	\$12,437,557	\$(7,014,644)	\$5,955,454

See accompanying significant accounting policies and notes to financial statements

Statements of Cash Flows (Note 5)

<i>Years ended December 31,</i>	2008	2007
Cash flows from operating activities:		
Net loss	\$(2,974,328)	\$(3,451,854)
Adjustments to reconcile net loss to net cash used in operating activities:		
Common stock issued in lieu of payment for services	-	125,000
Stock compensation and consulting expense	937,267	1,601,918
Equity in loss of unconsolidated joint venture	249,402	-
Depreciation and amortization	2,472	1,954
Changes in operating assets and liabilities:		
Fees and miscellaneous receivables	(282,373)	-
Prepaid expenses and other current assets	21,414	(1,486)
Accounts payable	(956)	(8,490)
Accrued expenses and other current liabilities	48,014	(469,255)
Net cash used in operating activities	(1,999,088)	(2,202,213)
Cash flows used in investing activities:		
Purchase of certificate of deposit	-	(2,200,000)
Redemptions of certificate of deposit	431,287	3,503,440
Investment in DSAM Joint Venture	(243,003)	-
Purchase of property and equipment	(4,535)	(2,110)
Net cash provided by investing activities	183,749	1,301,330
Cash flows from financing activities:		
Proceeds from sale of common stock, net of AIM expenses	5,643,377	(1,869)
Purchase of treasury stock	(84,900)	-
Due from related parties	(115,505)	(36,078)
Net cash provided by (used in) operating activities	5,442,972	(37,947)
Net increase/(decrease) in cash	3,627,633	(938,830)
Cash, beginning of year	154,904	1,093,734
Cash, end of year	\$3,782,537	\$ 154,904

See accompanying significant accounting policies and notes to financial statements

Summary of Significant Accounting Policies

The Company and Nature of Operations

Shariah Capital, Inc. ("the Company") was formed 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 firms with product initiatives directed to Islamic investors. Specifically, 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. Typically, the Company charges its clients a percentage of assets under management for these solutions. The Company's targeted clients are financial institutions and investment management firms that are building product platforms primarily directed to the Middle East and Far East and, specifically to, Islamic institutional and high net worth investors. The Company also is exploring and expects to pursue a number of business opportunities with financial and investment firms in Europe, Asia and the United States.

On November 8, 2006, Meyer Fund Management, LLC, the predecessor company to the Company, ("Meyer"), merged into and with the Company, with the Company being the surviving entity. The existing members of Meyer were given 50,000,000 shares of common stock in the Company, based on their existing percentage holdings in Meyer. Post merger, Meyer has since been dissolved.

On September 26, 2006, the Company increased the authorized shares of common stock that it may issue to 70,000,000 shares.

The Company also provides consulting and advisory services delivered separately under professional service contracts. These projects generally earn an up-front non-refundable retainer upon engagement; a progress fee upon completion of certain project deliverables; and a final payment upon completion of the mandate.

**Revenue
Recognition**

Revenue derived from ongoing Shariah services that is calculated based on assets under management or net asset value of a fund, such as revenue from Al Safi, is recognized based on the accrual method. Professional services arrangements are billed on a time and materials basis and, accordingly, revenue is recognized as the services are performed.

**Property,
Equipment and
Depreciation**

Property and equipment are stated at cost. Depreciation and amortization are provided principally on the straight-line method over the estimated useful lives. Fully depreciated assets are written off in the year following its last depreciation charge. The estimated useful life of the computer equipment is 5 years.

**Cash and cash
equivalents**

Cash and cash equivalents consist of short term highly liquid investments purchased with original maturities of three months or less and are readily convertible into cash. Cash also includes a money market fund held at a brokerage firm.

**Concentration of
Credit Risk**

The Company maintains cash balances with one or more financial institutions. The balance in this account at this institution at times maybe in excess of the FDIC insured limit. The Company has not expensed any losses on such accounts.

Additionally, the Company maintains a brokerage account with a financial institution. The balance in this account at this institution at times may be in

excess of the SIPC insured limit. The Company has not expensed any losses on such accounts.

Advertising

The Company expenses advertising costs as they are incurred.

Income Taxes

The Company is taxable as a C Corp. under the provisions of the Internal Revenue Code. The Company is responsible for minimum taxes to the States of Delaware and Connecticut. Due to losses incurred for the years ended December 31, 2008 and 2007, no income tax provision has been made in the accompanying financial statements and only the required minimum and capital taxes have been provided for.

The Company records deferred income tax assets and liabilities for the tax consequences of "temporary differences" by applying statutory tax rates expected to be applicable in future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities.

A valuation allowance reduces deferred tax assets when it is more likely than not that some or all of the deferred tax assets will not be realized. (See Note 7.)

The Company adopted FASB Interpretation No. 48 "Accounting for Uncertainty in Income Taxes ("FIN 48") on January 1, 2008. Under FIN 48, tax benefits are recognized only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is greater than 50 per cent likely to be realized upon ultimate settlement. Unrecognized tax benefits are tax benefits claimed or to be claimed in tax returns that do not meet these recognition and measurement standards. The Company's adoption of FIN 48 did not have a material effect on the Company's financial statements.

As permitted by FIN 48, the Company also adopted an accounting policy to prospectively classify accrued interest and penalties related to any unrecognized tax benefits in the Company's income tax provision. Previously, the Company's policy was to classify interest and penalties as an operating expense in arriving at pre-tax income. At December 31, 2008, the Company does not have accrued interest and penalties related to any unrecognized tax benefits. The years subject to potential audit vary depending on the tax jurisdiction. Generally, the Company's statute of limitation for tax liabilities is open for tax years ended December 31, 2006 and December 31, 2007 and forward. The Company's major taxing jurisdictions include the U.S., Connecticut and Delaware.

**Recent
Accounting
Pronouncements**

In December 2007, the FASB issued SFAS No. 141 (revised 2007), Business Combinations" (SFAS 141R"), which requires an acquirer to do the following: expense acquisition related costs as incurred; to record contingent consideration at fair value at the acquisition date with

subsequent changes in fair value to be recognized in the income statement; and any adjustments to the purchase price allocation are to be recognized as a period cost in the income statement. SFAS 141R applies prospectively to business combinations for which the acquisition date is on or after the first annual reporting period beginning on or after December 15, 2008. Earlier application is prohibited. The adoption of SFAS 141R will effect the accounting for future acquisitions, if any.

In December, 2007, the FASB issued Statement No. 160, Noncontrolling Interests in Consolidated Financial Statements-an amendment of ARB No. 51." This statement establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. This statement is effective prospectively, except for certain retrospective disclosure requirements, for fiscal years beginning after December 15, 2008. The adoption of FASB No. 160 is not expected to have a material impact on our results of operations or our financial position.

In March 2008, the FASB issued SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities - an amendment of FASB Statement No. 133," which changes the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about (a) how and why an entity uses derivative instruments, (b) how derivative instruments and related hedged items are accounted for under SFAS No. 133 and its related interpretations, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. SFAS No. 161 is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Earnings (loss)
per share**

Basic and diluted net loss per share allocable to common stockholders are presented in conformity with SFAS No. 128, "Earnings per Share." In accordance with SFAS No. 128, basic and diluted net loss per share has been computed using the weighted-average number of shares of common stock outstanding during the period, less any shares subject to restriction.

The number of weighted average shares of common stock outstanding excluded from the calculation of basic and diluted net loss per share because they were antidilutive was 1,653,401 and 2,693,761 for the years ended December 31, 2008 and 2007, respectively. Had they been dilutive, such shares would have been included in the computation of diluted net loss per share.

**Fair Value
Measurements**

On January 1, 2008, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 157, "Fair Value Measurements." SFAS No. 157 establishes a 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 inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The hierarchy is broken down into three levels based on the reliability of inputs as follows:

Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products 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.

The availability of observable inputs can vary from product to product and is affected by a wide variety of factors, including, for example, the type of product, whether the product is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Company's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Company uses prices and inputs that are current as of the measurement date, including during periods of market dislocation.

The following are the type of investments the Company held as of December 31, 2008:

Investment in Mutual Fund

Included in cash and cash equivalents is an investment in a mutual fund that invests in money market instruments of governments and private issuers, with maturities less than 90 days. The investment in mutual fund is classified as a Level 2 investment.

Certificate of Deposit

At December 31, 2008, the Company had approximately \$1,800,000 under a certificate of deposit. The carrying value of the CD represented the fair value as of December 31, 2008. The CD is classified as a Level 2 investment

In February 2008, the effective date of the provisions of FAS 157 for non-financial assets and liabilities, except for items recognized at fair value on a recurring basis, was deferred by FASB Staff Position 157-2 ("FSP FAS 157-2") and are effective for the fiscal years beginning after November 15, 2008. The Company is currently evaluating the impacts of the provisions for non-financial assets and liabilities, but does not expect the adoption to have a material impact on our financial statements.

- 1. Private Placement and Recapitalization**

In September 2006, Meyer entered into a "Master Participation Agreement" with numerous individuals and entities. These participants provided funding in the aggregate of \$1.2 million. In addition, in October 2006, Meyer closed a private placement of a sale of equity in Meyer. The total capital provided from these transactions was \$5,740,600, and was used for working capital for the Company and funding costs and expenses related to having the Company's common stock admitted for trading on the London Alternative Investment Market (the "AIM"). On December 13, 2006, the Company started publicly trading on the AIM under the ticker symbol ("SCAP.L"). Costs incurred and paid related to the AIM offering amounted to \$1,869 for the year ended December 31, 2007.
- 2. Employee Transactions**

In December 2008, the Company acquired 42,450 shares of common stock from its Managing Director and Treasurer as payment for the employee's tax obligation which arose from the vesting of certain restricted stock. Such stock is held as treasury shares by the Company.

As of December 31, 2007, the Company had a receivable from the Managing Director and Treasurer in the amount of

\$65,175, which arose as a result of the vesting of certain restricted stock for employee, and the Company's payment of the tax obligation in connection with such vesting. The amount was repaid by the employee in January 2008.

3. Property and Equipment - net

Property and equipment - net, held and used at December 31, 2008 and 2007 consist of the following:

	2008	2007
Computer equipment	\$15,094	\$10,559
Less: Accumulated depreciation and amortization	6,652	4,180
	\$8,442	\$6,379

Depreciation expense amounted to \$2,472 and \$1,954 for the years ended December 31, 2008 and December 31, 2007, respectively, and is included in general and administrative expenses.

4. Commitments and Contingencies

Operating Leases

The Company is a party to an operating lease agreement relating to the rental of its corporate office that expires on August 31, 2009, with an annual base rent of approximately \$50,000. The lease also includes a provision to pay additional rent for their proportionate share of utilities of approximately \$1,800 per month over the lease term. Rent expense amounted to \$137,117 and \$142,735 for the years ended December 31, 2008 and December 31, 2007, respectively, and is included in general and administrative expenses. The Company sublet a portion of this corporate office on a month-to-month basis to one tenant for a portion of 2008 and all of 2007. It no longer sublets this space. Rental income amounted to \$3,000 and \$21,500 for the years ended December 31, 2008 and December 31, 2007, respectively.

The Company was also a party to a month-to-month operating lease agreement relating to the rental of corporate office space in Dubai, which commenced in April 2007 and ended in July 2008.

The minimum rental commitments required under these operating leases after December 31, 2008 are as follows:

Year ended December 31,

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, provide for 6 to 12 months notice of termination and provide for the annual salaries to be paid through that 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 may provide cash bonuses to certain employees as additional compensation for services rendered during the year. In December 2008, the following people were paid the following cash amounts as bonuses, after approval of the compensation committee of the Company's board of directors:

Eric S. Meyer \$50,000
Joseph Gau \$50,000
Shaykh Yusuf Talal DeLorenzo \$31,500

Non Executive Director Service Agreement

From January 1, 2008 to September 18, 2008, the Company was a party to a Non Executive Director Service Agreement whereby a non-executive individual served on the Board of Directors for an annual fee of \$32,500. This individual also served as a non-executive member of the Board of Directors in 2007. The 2008 annual fee was pro-rated through its termination, and the non-executive director was paid a total amount in 2008 of \$16,250 in connection with his service under this agreement.

5. Supplemental Disclosures of Cash Flow Information

Supplemental disclosures of cash flow information are as follows:

<i>December 31,</i>	2008	2007
Non cash financing transaction:		
Contribution of services in exchange for common stock	\$ -	\$125,000

6. Share Based Compensation

The Company accounts for share based compensation cost in accordance with Statement of Financial Accounting Standards No. 123(R), "Share-based Payment". Under this standard, compensation cost is recognized over the service period which is usually the vesting period of the award. The Company used the

fair value of the stock at the date of grant and a straight line amortization of the compensation expense over the requisite service period of the grant.

The Company granted 2,700,000 shares of restricted stock on December 7, 2006 to several of its employees. These 2006 restricted stock grants vest over a period of three years. Under the provisions of SFAS 123R, share-based compensation cost is measured at the grant date, based on the calculated fair value of the award, and is recognized as an expense over the employee's requisite service period, which is the vesting period of the grant.

On April 19, 2007, the Company granted 100,000 shares of restricted stock to an outside consultant. This grant was fully vested on the date of issuance and amounted to \$125,000 at fair value of the stock at the date of grant and was recorded in professional fees with a corresponding charge to paid-in capital.

In December 2007, the Company amended the December 7, 2006 restricted stock grants for two of its employees. The amendment increased the December 7, 2006 tranche of shares by 5%, or 47,500 shares and moved the vesting date 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 December 7, 2006 restricted stock grants for two of its employees. The amendment moved the vesting date for 600,000 shares of common stock (300,000 shares for each employee) from December 7, 2008 to December 7, 2009.

Compensation expense of \$937,267 and \$1,601,918 were recorded for the years ended December 31, 2008 and December 31, 2007, respectively, in connection with the restricted stock grants and is included in general and administrative expenses. Additional compensation expense costs amounting to \$840,055 will be recognized over the next year.

7. Income Taxes

The Company has net operating loss carry forwards of approximately \$7,526,000 available to reduce any future income taxes, expiring at various times from 2026 to 2027. The tax benefit of these losses and other temporary differences amount to approximately \$3,385,000, and relate to stock compensation expenses and has been fully offset by a valuation allowance due to the uncertainty of its realization.

8. Related Parties Transactions

In 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/short

investment managers on a Shariah-compliant basis. The Company acts as 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"). A fourth sub-trust was seeded by DMCCA in November 2008 in the amount of \$50,000,000, for a total of \$200,000,000 in invested capital. The Company derives a Shariah advisory fee for its services related to the fund based on a percentage of the net asset value in the fund. These fees amounted to \$330,300 for the year ended December 31, 2008.

In connection with forming the Al Safi Trust, the Company announced a joint venture with DMCCA, a Dubai World Group company. The joint venture entity, Dubai Shariah Asset Management Company, Ltd. ("DSAM") is owned 51 per cent by Dubai Commodity Asset Management ("DCAM"), which is wholly owned by DMCCA, and 49 per cent by the Company. It 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 a range of Shariah-compliant investment products focused on commodities. The enterprise 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 that reside on Al Safi (exclusive of capital invested by the DMCCA).

The Company is the Shariah Adviser to DMCCA for related Shariah-compliant investment vehicles. The consulting income received from DMCCA amounted to \$100,000 and \$0 for the years ended December 31, 2008 and 2007, respectively.

DCAM and the Company each pay expenses on behalf of DSAM and the payments are considered capital contributions to DSAM. The shareholders settle these expenses on a regular basis and one shareholder reimburses the other shareholder as necessary, so that the ratio of equity in DSAM is maintained at 51 per cent for DCAM and 49 per cent for the Company.

For the year ended December 31, 2008, the Company's equity interest loss in DSAM amounted to \$249,402. A significant portion of this amount, together with capital contributed by DCAM, was spent on costs from start up activities for DSAM. The loss is recorded as equity in loss of unconsolidated joint venture on the accompanying statement of operations.

The cumulative investment in DSAM amounted to a liability of

\$6,399 at December 31, 2008 because certain expenses had been incurred but not paid as of that date. Once the expenses were paid in 2009, the Company's payments were considered contributions and the Company's DSAM investment was then an asset.

As of December 31, 2008, the Company had a receivable from DMCCA in the amount of \$180,680 based on the allocation of expenses from DSAM. The amount was repaid by DMCCA in March 2009.

<i>Years ended December 31,</i>	2008	2007
General and administrative expenses:		
AIM expenses	\$ 98,225	\$ 113,193
Accounting	71,495	48,242
Advisory fee	-	125,000
Bank service charges	1,908	993
Board advisory fees	-	10,000
Charitable donation	500	1,000
Computer	133	998
Depreciation	2,472	1,954
Director's fees	16,250	35,165
Insurance	165,003	115,117
Information technology	12,696	53,331
Legal	236,233	92,040
Maintenance (Data feeds)	25,629	-
Marketing	21,084	4,130
Miscellaneous	889	596
Office supplies	6,046	6,609
Other compensation expense	6,091	-
Payroll	1,175,409	1,050,000
Payroll taxes	65,102	42,550
Payroll processing	1,482	1,322
Postage and delivery	4,476	3,441
Registrar Fees	14,518	17,492
Rent	137,117	142,735
Securities Filings	225	-
State and labor taxes	21,229	7,668
Stock compensation expense	937,267	1,601,918
Telephone	16,138	12,523

Travel and entertainment	198,482	106,281
Web services	748	853
Total general and administrative expenses	\$3,236,847	\$3,595,151

*See accompanying independent auditors
report on supplemental information*

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