



Enacting a Vision
ANNUAL REPORT 2009



Tamkeen
P.O. Box 18131,
Manama, Kingdom of Bahrain
Tel: 1738 3333
Fax: 1738 2352
Website: www.tamkeen.bh
E-mail: info@tamkeen.bh



His Royal Highness

**Prince Khalifa
bin Salman Al Khalifa**

The Prime Minister of the
Kingdom of Bahrain



His Majesty

**King Hamad
bin Isa Al Khalifa**

The King of the
Kingdom of Bahrain



His Royal Highness

**Prince Salman
bin Hamad Al Khalifa**

The Crown Prince and
Deputy Supreme Commander
of the Kingdom of Bahrain



CONTENT

Tamkeen... Enacting a Vision

6 | The Foundations

- 8 |** Chairman's Statement
- 10 |** Board of Directors
- 12 |** Chief Executive's Statement
- 14 |** Executive Management
- 16 |** Tamkeen's Team

The Journey

- 20 |** Enabling the Private Sector
- 21 |** Empowering People
- 24 |** Addressing Challenges
- 25 |** Listening

Today

- 30 |** Projects Underway

The Future

- 34 |** Building on the Foundations
- 34 |** Facilitating Further Growth
- 36 |** Surpassing Challenges

Our Journey in Numbers

- 38 |** Private Sector Support
Projects and Beneficiaries
- 39 |** Human Capital Development
Projects and Beneficiaries

Leaping Ahead...

- 45 |** Highlights from Our Journey

Financial Highlights

- 52 |** Directors' Report
- 53 |** Independent Auditor's Report
to the Board of Directors
- 54 |** Statement of Financial Position
- 55 |** Statement of Activities
- 56 |** Statement of Changes
in Accumulated Funds
- 57 |** Statement of Cash Flows
- 58 |** Note to the Financial Statements

THE FOUNDATIONS

In accordance with Vision 2030, the government of Bahrain embarked on a series of ground-breaking reforms in education, the labour market, public sector and the broader economic system of the Kingdom. And it was the labour market reform which led to the establishment of Tamkeen in 2006 with a mandate to develop the private sector as the engine of growth while enhancing the productivity of the Bahraini labour force as the employees of choice. Thus, a strategy was formulated for the period from Tamkeen's inception until the end of 2009, which was ratified by the Board of Directors in July 2007.

However, in line with Tamkeen's reach and national interest, the strategy of 2007-2009 was validated with the public through two consultative forums as well as being subject to

review by various international experts. The result led to a series of initiatives targeting Bahrain's human capital, the private sector and the employees of the future through wide-ranging programmes, communication tools and diverse methods inducing change and productivity.

The first years of Tamkeen's establishment and growth have been decisive as the organisation's impact has been felt across all sectors and groups within Bahrain. The foundations have been laid for further growth and development and they are stable and strong.

At the heart of the promise of a self-sustaining nation, Tamkeen underpins the Economic Vision 2030 as a promise to empower individuals, businesses and the nation.

HUDA MAHMOOD JANAHI
Owner and General Manager, Horse Pride

My journey with Tamkeen began as I wanted to expand my business, thereby taking advantage of their finance schemes. Since then, Tamkeen has provided many learning opportunities as their team listens, providing business guidance and important tools for entrepreneurs like myself. Most recently, through the Growth Assistance Scheme, ideas for further growth and expansion were exchanged and acquired...



CHAIRMAN'S STATEMENT

When we set the ball rolling in 2007, our ambition at Tamkeen was to help improve the Kingdom's economy through a focused approach towards arming the Bahraini labour force with the necessary tools to build a knowledge-based economy. Our alignment to the Kingdom's Economic Vision 2030, cements our goals and signifies the important role that we play in its realisation.

Our national endeavour was distinctive and transparent: to support and cultivate the growth of Bahrainis and the private sector as well as create and develop new opportunities for Bahraini enterprises.

Despite the relatively short history of our undertaking and penetration of the Bahraini market, our 39-strong team, aided by a network of indispensable partners, have already changed perceptions within Bahrain. Our private sector support programmes have supported 3,212 enterprises up to 2009 alone while 27,560 job entrants and employees have been targeted for specialised training through our human capital development programmes. Thousands more have felt the impact of Tamkeen through the myriad enterprise and career development programmes approved and implemented by our team.

Initiative, transparency, partnership and knowledge-sharing have been at the core of our team's drive to empower Bahrain and build a better life for Bahrainis. We have been lucky to have such a results-driven team, but more importantly, the team spirit and belief in Tamkeen's role under the strong management of the Chief Executive and our formidable partner network have exemplified our hopes for Bahrain under the direction of the Economic Vision 2030.

A busy year, cementing our formative period and ambitions, 2009 has witnessed tremendous growth. Our presence has been solidified and the required ground-work laid for further alignment with the Kingdom's vision – a vision for a prosperous, self-sustainable Bahrain with an empowered, contributing national workforce that shares a cohesive sense of ownership and aspiration.

Our mission now is to empower Bahrainis according to market requirements and build enterprise capabilities in order to contribute to the expansion of the national economy. Tamkeen has built a strong foundation in Bahrain, directly and positively impacting the economy and upon which we can only grow stronger now.



Dr. Nezar bin Sadiq Al Baharna
Chairman

~ Our alignment to the Kingdom's Economic Vision 2030, cements our goals and signifies the important role that we play in its realisation.



BOARD OF DIRECTORS



From left to right:

1. Adel Mohamed Mattar

2. Sayed Salman Jaffar Almahfood

3. Sharif Mohamed Ahmadi
VICE CHAIRMAN

4. Ahmed Mohamed Al Banna

5. H.E. Dr. Nezar Bin Sadiq Al Baharna
CHAIRMAN

6. Elham Abdulla Hassan

7. Dr. Fareed Ahmed Al Mulla

8. Dr. Zakaria Ahmed Hejres

9. Mohamed Abdulrahman Mohamed

DEDICATION TO A PROSPEROUS FUTURE

A Bahraini team of 9 board members and 39 employees have been working closely, combining their expertise to further the goals of Tamkeen's strategy and vision. Since 2007, their efforts have advanced a culture of learning amongst Bahrainis, targeting employers, employees, labour market entrants and current students.

Their mission is clear: to empower both Bahraini individuals and enterprises such that their capabilities and skill sets meet and surpass market requirements and build enterprise capabilities and productivity in order to contribute to the growth of the national economy.

Tamkeen, the Arabic word for empowerment, was more than a new name, new look and image. It symbolised the transformation of Bahrain's Labour Fund – an evolution inspired by the vision of 'empowerment' in itself. At the heart of the promise of a self-sustaining nation, Tamkeen underpins the Economic Vision 2030 as a promise to empower individuals, businesses and the nation at large.

CHIEF EXECUTIVE'S STATEMENT

There have been many memorable events, which have taken place throughout our short journey since the emergence of Tamkeen in 2007. Amongst the most significant, and of which I have been most proud, has been our interaction with Bahrain's young population. Through our numerous partners, Tamkeen addressed emerging employees in a number of programmes aligned with the Kingdom of Bahrain's Economic Vision 2030, and our very own mission.

To build the future workforce, we recognised that our programmes targeting entrepreneurs, small and medium-sized enterprises and skills gaps needed to be complemented by creative and innovative programmes which appealed to today's youth. Thus, hand-in-hand with our partners, we developed and are implementing programmes designed to change behavioural patterns and instil work ethics, impacting Bahraini youth across the Kingdom this past year. We are working closely with the Ministry of Education, the Ministry of Industry and Commerce, the Bahrain Chamber of Commerce, local universities, training providers and many, varied governmental and non-governmental organisations to affect and change the perceptions, understandings and actions of the current generation.

Through our varied programmes, we aim to enable companies to improve their efficiency and overall productivity as well as encourage innovation and support emerging sectors. Our success is apparent through the increased recognition and awareness of Tamkeen across different sectors in Bahrain. As our programmes are seeing fruition and their results are becoming more tangible in the market, the large numbers of enrolled beneficiaries in our programmes are a true reflection of the efforts of our team and the positive impact of our initiatives.

Thus, we set forth in 2010-2014, strategy building on our success and looking to the future. In this phase, we have to enhance and improve the productivity of both employees and their organisations, all the while, developing our budding adults of today into the employees of the future. Bahrain's human capital have to be more productive, more effective and more responsive – this is the premise which underlies our strategy for a more competitive private sector.

Bahrain, within the global marketplace, will be strong by developing its human resources and Tamkeen will strive in the coming years to promote the drivers for this: innovation and productivity. I am confident in the success of our vision.



Abdullellah Ebrahim Al Qassimi
Chief Executive

~ The large numbers of enrolled beneficiaries in our programmes are a true reflection of the efforts of our team and the positive impact of our initiatives.



EXECUTIVE MANAGEMENT



From left to right:

1. Suha Saeed Karzoun

VICE PRESIDENT,
FINANCE & SUPPORT

2. Dr. Nasser Ali Qaedi

SENIOR MANAGER,
PLANNING & DEVELOPMENT

3. Mohammed Ali Bucheery

SENIOR MANAGER,
PRIVATE SECTOR SUPPORT

4. Abdulellah Ebrahim Al Qassimi

CHIEF EXECUTIVE

5. Dr. Ahmed A. Hameed A. Ghani Al Shaikh

VICE PRESIDENT,
ENTERPRISE & HUMAN CAPITAL DEVELOPMENT

6. Amal Ishaq Al-Kooheji

SENIOR MANAGER,
HUMAN CAPITAL DEVELOPMENT

A NATIONAL ASPIRATION

As one of the key enablers of the Economic Vision 2030 and national economic strategy, Tamkeen clearly operates within its very parameters – building a better life in Bahrain, for Bahrainis. As an organisation, a semi-government entity, it symbolises the decisive alliance between society, the private sector and government which is required for the creation of a better future and prosperity for Bahrainis.

Thus, Tamkeen proactively develops and enacts programmes designed to enable Bahrainis into the employees of choice for both existing and new enterprises while also supporting programmes and initiatives aimed at improving the labour and capital productivity of Bahraini businesses. Investing in Bahraini human resources and the private sector is crucial as they represent an indispensable element of the Kingdom's economic growth.

TAMKEEN'S TEAM







THE JOURNEY

~ The Bahraini
citizen is the
first beneficiary of
Bahrain's economic
and social prosperity.

His Majesty
King Hamad bin Isa Al Khalifa,
the Kingdom of Bahrain



THE JOURNEY

ENABLING THE PRIVATE SECTOR

Private Sector Support programmes underpinned Tamkeen's strategy as five overarching initiatives were launched to support enterprise development and growth by focusing on Enterprise Growth Management, Finance, e-Marketplace, Business Diversification and Women Empowerment. One of the most significant enterprise growth tools was

a co-financing support mechanism, **Enterprise Growth Management**, which was designed to enhance business productivity and their competitiveness by supporting up to 60% of the associated enterprise costs. Five schemes were followed:

SCHEME	OVERVIEW
Business Development Scheme	Targeting 324 enterprises, this scheme aims to provide comprehensive business review solutions and consultation services through which recommendations are made for business and productivity improvements.
Technical Assistance Scheme	Helping businesses in the utilisation of machinery and technology that warrants productivity improvement, 1,134 enterprises were targeted in this scheme, which initially included the fishermen sector.
Quality Management System	173 enterprises are targeted to establish management systems such as ISO, Six Sigma, Food Safety Management System, Occupational Health and Safety Management Systems, Social Accountability, etc under the auspices of this scheme.
Growth Assistance Scheme	Through product marketing via exhibition participation, the Growth Assistance Scheme, targeting 227 enterprises is designed to enhance sustainability and enable companies to extend their products and services beyond Bahrain.
Business Information Scheme	The Business Information Scheme was designed to enable enterprises to establish an audited accounting process that provided a clear and transparent business information system. 274 enterprises were served under this scheme.

Mohasaba Programme

An accounting and auditing programme, Mohasaba was developed to allow enterprises to establish audited accounting processes that provide a clear and transparent business. This programme is an enhancement of the

Business Information Scheme, which grew into the fully-fledged and independent Mohasaba programme in which 1,200 enterprises are currently targeted.

Finance Scheme

Similarly, the Finance Scheme, launched in collaboration with financial institutions, Shamil Bank and Bahrain Development Bank targeted 1,700 enterprises in the private sector. This scheme was developed to provide guaranteed financing to enterprises at low profit rates and to minimise the gap faced by enterprises due to the reluctance of financial institutions to lend to them without high collaterals.

e-Marketplace

Another important programme e-Marketplace, targeted 1,000 beneficiaries through its e-Tendering initiative. Aimed at enabling the private sector to make transactions over the e-Tendering system and maintained by Bahrain's Tender Board, the private sector is enabled to capture a larger share of government projects.

Also under the e-Marketplace programme is the e-Procurement initiative spearheaded by Tamkeen that aims at creating an e-Marketplace for the purchase of goods and services of less than BD 10,000 for government entities and large enterprises, with the ultimate goal of enhancing enterprise accessibility to government purchases.

EMPOWERING PEOPLE

A crucial component in Tamkeen's strategy is investment in Bahrain's human resources and the enabling of Bahrainis to advance professionally; thus Human Capital Development programmes were developed. One of the most significant initiatives within our emphasis on people has been the **Specialised Training for Skills Gaps**, set forth in response to skills shortages in various economic sectors and career streams across Bahrain. By the end of 2009, a number of Human Capital Development projects had been launched, targeting over 20,000 job entrants and employees.

The following projects were underway up to 2009:

PROGRAMME	OVERVIEW
Healthcare	Designed to qualify 1,076 healthcare professionals as healthcare assistants, allied health technicians, general nurses and specialty nurses, Tamkeen partnered with the College of Health Sciences and Royal College of Surgeons of Ireland - Medical University of Bahrain.
Aeronautic Maintenance Engineering	In partnership with Bahrain Airport Services, Tamkeen developed a programme whereby 63 Bahrainis, currently undergoing their studies, will become professionally certified aeronautics maintenance engineers with the European Aviation Safety Agency (EASA) 147 Part 66 licenses B1 and B2.
Hospitality	Through an alliance with the Bahrain Institute for Hospitality and Retail, the training of 1,854 Bahrainis in the hospitality sector was funded. Training spans entry-level to supervisory positions and leads to professional qualifications in the field of hospitality and retail.

PROGRAMME	OVERVIEW
Information Technology: Networking Engineering	Partnering with Bahrain Training Institute, Tamkeen is supporting 100 students enrolled both at entry and advanced level programmes to become certified CISCO computer network professionals.
Information Technology: Security Professionals	Designed to certify 100 CISCO security professionals, Tamkeen, through Bahrain Training Institute, is targeting both entry-level and advanced-level students.
Information Technology: Web Page Development	In partnership with Bahrain Training Institute, 100 skilled members of the labour force will be equipped with internationally recognised CIW qualifications in the field of web page development and management.
Retail Sales	Spanning merchandising, sales and management positions, Tamkeen partnered with the Bahrain International Retail Development Centre and Bahrain Institute for Hospitality and Retail to support the current and growing needs of the booming retail sector in Bahrain, helping 2,150 beneficiaries.
Occupational Health & Safety	Partnering with Arabian East Training Centre, Tamkeen is supporting the training and certification of 200 secondary school graduates and diploma holders as health and safety professionals.
Administrative Assistants	Under Tamkeen's direction, Gulf Insurance Institute is training 100 Bahrainis to improve upon their existing diplomas and gain the skills required for the market in the cross-sectoral profession of administrative assistance.
Quantity Surveyors	In an initiative with Bahrain Training Institute and Heriot-Watt College, Tamkeen is working to ensure 220 Bahraini graduate engineers become certified Quantity Surveyors.
Accountancy and Finance	<p>Through an alliance with Ernst & Young, 719 Bahrainis are being trained to obtain one of the following professional certifications:</p> <ul style="list-style-type: none"> • Certified Accounting Technician (CAT) • Association of Chartered Certified Accountants (ACCA) • Certified Management Accountant (CMA) • Professional Risk Manager (PRM) • Associate Professional Risk Manager (APRM)

Empowering Talent

Continuing to focus on people, through our **Talent Management Programme**, better corporate cultures and people management skills are being tackled. Targeting existing management personnel and business owners, our Talent Management Programme proposes to enhance

individual and enterprise productivity through the adoption of more effective people and business management practices thus promoting positive corporate cultures that support a healthy work environment. **Thus, two projects are currently underway:**

PROGRAMME	OVERVIEW
Human Resource Management Certification	Through an alliance with The Expert Group, 200 employees involved in human resources functions in the private sector have been given the opportunity to gain the 12-month Diploma in Human Resource Management delivered and awarded by the Royal Institute of Public Administration, UK.
Leadership & Management Certification	In partnership with the Bahrain Institute of Banking and Finance, 200 managers and team leaders have been offered the chance to enhance the management of their businesses through a 12-month programme to gain a Certificate in Leadership and Management awarded by the Chartered Institute of Management, UK.

Empowering Careers

In line with our mission, Tamkeen launched its first **Career Progression Programme** which aims to enhance the effectiveness and skills levels of Bahraini employees in the private sector by developing the necessary skills leading to improved productivity. Targeting 6,500 beneficiaries, from training solutions to salary subsidies, employers are supported in a number of ways through our partnership with BDO Consulting. In this light, enrolled existing employees earning between BD 200 and BD 400 will gain a minimum wage increase of BD 50 provided they fulfil the personal development requirements identified and agreed by their employers. The programme sponsors the cost of formal training for up to BD 1,000 as well as the cost of the BD 50 salary increase for 12 months.

Empowering Systems

Bahrain Qualifications Framework

Tamkeen is funding and managing the design of the first comprehensive Bahrain Qualifications Framework. Designed to add more value to local qualifications as well as create the accreditation policies which will allow for better understanding of the status of qualifications and definition of their levels, Tamkeen will work with the Scottish Qualifications Authority, the Economic Development Board, Ministry of Education, Ministry of Labour, Higher Education Council and the Quality Assurance Authority to establish the systems and legislation recommendations which will be required to implement the Qualifications Framework in the Kingdom of Bahrain.

Empowering Cultures

Positive Work Attitude Schemes

This scheme proposes to prepare the younger national workforce for entry into the job market as well as the reiteration of positive work ethics amongst the working population. Through a multi-schematic approach, the

general public is targeted in a multi-channelled media campaign that reiterates the need for positive behaviour.

Four programmes fall under this initiative:

PROGRAMME	OVERVIEW
Business Ethics Module - inJAz	Targeting 4,680 secondary and university students, Tamkeen is working with inJAz Bahrain to equip near-graduation participants with the proper knowledge of business ethics and related concepts.
a9eel: School Stream	In collaboration with the Ministry of Education, the Bahrain Teachers College and the Institute of Education (UK), a host of unique extracurricular activities targeting 32 secondary schools in Bahrain will be launched to achieve improved job readiness levels amongst school leavers and to help them become more adaptive to positive work attitudes and habits.
a9eel: Media Track	Alongside DarOttakwin, a nationwide multi-media campaign to promote positive work attitudes is being executed.
Youth Summer Camp	A proposed activity, Tamkeen established a summer camp offering various types of activities to 300 local youth from all areas of the Kingdom. The prime focus was on instilling good citizenship, positive values and involvement in community support in partnership with the Royal Police Academy.

ADDRESSING CHALLENGES

In order to address market needs and accommodate changing trends, Tamkeen engaged in planning, development and support activities. In addition, Tamkeen commissioned various surveys and studies in conjunction with external parties, the results of which were used to update and further Tamkeen's strategy. These included:

1 | Skills Gaps Research

Tamkeen conducted a nationwide comprehensive research project covering **current, emerging and future skills deficiencies** and requirements in Bahrain's labour market in terms of individual occupations, occupation sets and skills

groups. This study examined and included the majority of economic sectors and activities in the Kingdom, serving as a basis for formulating industry and occupational outlooks as well as career guidance and awareness activities by academic and training institutions across Bahrain.

2 | Market Gaps Study

The market gap study focused on identifying, quantifying and effectively profiling business market segments that are currently under-served in Bahrain. Using a sectoral scanning approach to map market activities, Tamkeen attempted to accurately **identify current market capacities and capabilities and identify business gaps** which need to be addressed in order to reinforce the development and growth of sector-based economic activity.

3 | Investment Support

A wide programme in coordination with the Economic Development Board, Tamkeen explores the potentials for identifying value propositions for **attracting foreign direct investment** and also explores the identification of companies, industries and projects which support the **generation of value-added employment and business opportunities**.

LISTENING

In addition to the initiatives launched by Tamkeen and which are derived directly from our vision and strategy, Tamkeen welcomes proposals from the public for initiatives to resolve specific areas of concern within the market, which conform to our objectives as defined in our Law.

Private Sector Support

Tamkeen has supported the efforts of the Supreme Council for Women to help unemployed Bahraini women attain the skills and technical support needed to start their own community-based micro businesses. The **Transportation** and the **Tailoring and Fashion Schemes** have been most successful in this regard, allowing a total of 38 beneficiaries to purchase minibuses or equipment such as sewing machines to start their own businesses.

In cooperation with the Bahrain Development Bank, Tamkeen has provided financial support for enterprises to conduct **feasibility studies** related to business development, growth, expansion and diversification.

Also in partnership with the Bahrain Development Bank, Tamkeen has supported Bahraini individuals with innovative ideas to commercialise them and start a business. **Pre-Seed Capital** has been a successful initiative, which also included a financial grant to cover the cost of development.

Human Capital Development

A number of partner initiatives were supported by Tamkeen up to 2009, which focused on the development and strengthening of human resources.

1 | Worldwide Call Centre Programme

Alongside Gulf Air, Tamkeen oversaw the training and career development of 125 school graduates to ensure their employment by the national carrier.

2 | Call Centre Agents and Medical Coordinators' Training

Partnering with Mena Business Services, Tamkeen ensured that 105 school graduates were trained and employed at the MBS Call Centre.

3 | Graduate Management Programme – Banking Sector

The Bahrain Institute of Banking and Finance and Tamkeen are engaged in the training and employment of 200 job entrants at financial institutions as management trainees.

4 | Graduate Management Programme – Insurance Sector

Tamkeen worked with the Bahrain Institute of Banking and Finance as well as the Bahrain Insurance Association to train and employ 12 university graduates as management trainees at various insurance companies.

5 | IT Graduate Training and Employment Programme

In cooperation with Exceed IT Academy, 100 university graduates are embarking upon a one-year graduate training programme which provides a professional certification and a promising career.

6 | Retail Banking Training

One hundred Bahrainis are undergoing an intensive training programme, conducted by Capital Knowledge and to be followed by employment at the Bank of Bahrain and Kuwait Retail Banking Division.

7 | Special Needs' Empowerment

In cooperation with the Ministry of Social Development, with a budget of BD 104,000, Tamkeen provided infrastructural support for the employment of handicapped individuals and productive families within the Ministry's facilities.

8 | Academic Specialisations Programme

Partnering with the Bahrain Polytechnic, Tamkeen supports 100 students of targeted specialisations which meet the requirements of the private sector and local market needs.

9 | System Administration

Tamkeen is providing 120 job opportunities for school and diploma graduates in professional IT certifications with the Bahrain Institute of Technology.

10 | Pilot Financing Scheme

Through our partnership with the Bahrain Development Bank and the Gulf Aviation Academy, 100 loan applicants will be granted interest-free easy financing terms, enabling them to train as licensed commercial jet pilots.

11 | Travel and Tourism Training

Tamkeen is cooperating with the Bahrain Training Institute and Association of Bahrain Travel and Tourism agents in the training and employment of 80 school graduates as travel and holiday reservation agents in travel and tourism agencies.

Investing heavily in human capital, Tamkeen has targeted over 20,000 job entrants and employees, addressing thousands more of Bahrain's youth through the Positive Work Attitude Schemes.

FADHUL ABBAS AL MAWLANI
BSc Nursing, RCSI

With Tamkeen's help, I studied at an international medical institution – something I had never imagined possible. Now I feel confident in my nursing abilities and want to give back to my community, having secured my career.





TODAY

~ Our youth are
the creators of a
better tomorrow.
We have to enable
and empower them
to fulfil their promise
and answer the
aspirations of
the future and the
country as a whole.

HRH Prince
Khalifa bin Salman Al Khalifa,
the Prime Minister

TODAY

PROJECTS UNDERWAY

1 | Fishermen Support

Supporting Bahrain's fishermen through funding, Tamkeen partnered with Ebdaa Bank to provide boats and fishing equipment to a target of 500 beneficiaries.

2 | Farmers Support

Enabling Bahraini farmers to expand and improve productivity, Tamkeen is collaborating with various partners to assist in the provision of funds and consulting services.

3 | Micro-Finance with Ebdaa Bank

An integral element in Tamkeen's strategy and plans is the empowerment of women through the creation of opportunities which allow them to excel in their chosen fields. In collaboration with the Supreme Council for Women and Ebdaa Bank, Tamkeen launched a BD 1 million scheme to micro-finance the starting costs or growth of the micro-businesses of 500 female entrepreneurs.

4 | Finance Scheme

The finance schemes adopted by Tamkeen continue to focus on small and medium-sized enterprises through which a BD 10 million agreement with Bahrain Islamic Bank was signed in addition to another BD 10 million agreement signed with Bahrain Development Bank as a topup to the existing portfolio which totals BD 60 million. In order to further support the private sector, negotiations are underway with other financial institutions.

5 | ICT Finance Scheme

In order to enhance enterprise productivity and competitiveness, Tamkeen developed this scheme, which harnesses the information technologies in enterprise operations. Private sector enterprises are enabled to take advantage of interest-free finance with the privilege of obtaining a possible discount of up to 25% on the loan's principal amount under certain conditions.

6 | Diversifying Business

Targeting five enterprises, this programme is intended to raise awareness, facilitate and support the value-added opportunities realised from diversifying business activities.

7 | e-Marketplace

In cooperation with Bapco, Tamkeen is spearheading this e-Procurement marketplace initiative which will allow small medium-sized enterprises greater access to the procurement of large and high profile companies in Bahrain.

8 | Islamic Finance Certification

Alongside Ernst & Young, Tamkeen will enable 130 applicants to receive an internationally-recognised professional CIMA Islamic banking qualification; this will be followed by rewarding employment opportunities within the Islamic Finance sector.

9 | Information Technology Training

Along with the Labour Market Regulatory Authority, Tamkeen will grant professional IT qualifications to 40 university graduates who will be then provided with employment opportunities at the Labour Market Regulatory Authority.

10 | Women Technology Empowerment

Through the Bahrain Women's Union and Bahrain Internet Society, Tamkeen will be engaged in the training of 900 women and provide e-Learning opportunities to 5,500 females covering a wide cross-section from all districts of Bahrain and combining all age-groups.

11 | Engineering Graduates Training Programme

In partnership with Yokogawa Corporation, 50 engineering graduates will be trained and employed in electrical, electronics and instrumentation fields.

12 | Technicians Training Programme

Aligned with Awal Gulf, Tamkeen will oversee the training and eventual employment of 50 school graduates in Bahrain's largest air refrigeration manufacturer.

13 | Air Hostesses

Through Tamkeen's training partnership with Gulf Air, 150 guaranteed employment and training opportunities are being created alongside a successful awareness campaign.

14 | Leadership & Human Resources Management Workshops

Through an alliance with Bahrain International Retail Development Centre and Wilson Learning, 800 managers and HR personnel can attend short courses addressing a variety of topics designed to improve specific areas of business and people management in their organisations.

15 | Careers for a Purpose Module: inJAz Bahrain

Tamkeen will sponsor 4,020 school students enrolled in the career guidance elective module offered by inJAz Bahrain to schools across the Kingdom.

16 | Career Progression Programme II

4,000 existing employees earning a monthly salary of BD 400 and above, will gain a minimum salary increase ranging from BD 50 to BD 100 provided they fulfil the personal development requirement. The programme sponsors the cost of formal training from BD 1,000 to BD 2,000 as well as the subsidy of the increase for 12 or 24 months based on the scheme selected by the employer.

HASAN HAIDER
Managing Director, FILM2GO

In realising my entrepreneurial dream of setting up my online services company, FILM2GO, Tamkeen propelled me to build a foundation for further growth and diversification into e-Commerce and other online initiatives.



A close-up photograph of a hand holding a red pen, positioned diagonally across the upper right portion of the frame. The background is a plain, light grey color.

FUTURE

~ We have to build an economy that is based on productivity and in order to do that we need to invest in education, skills and new technologies.

HRH Prince

Salman bin Hamad Al Khalifa,

the Crown Prince and Deputy Supreme Commander



THE FUTURE

At its inception, Tamkeen identified a strategy for 2007-2009 which focused on the development of Bahraini job and market entrants as well as current employees. For 2010-2014 however, the strategy evolved, designed to build on our achievements and move Bahrain closer to the realisation of Vision 2030.

Thus in 2010-2014, Tamkeen now has five strategic thrusts:

- 1 | To make Bahrainis the employees of choice for existing semi-skilled and skilled jobs
- 2 | To make Bahrainis the employees of choice for growth: new investors (foreign or indigenous) and expansion
- 3 | To make Bahrainis the employees of choice as unskilled jobs are substituted with capital and higher skilled jobs
- 4 | The improvement of the labour and capital productivity of Bahrain's businesses to support growth of the overall economy
- 5 | To support growth and develop new opportunities for Bahrainis and develop the economy

BUILDING ON THE FOUNDATIONS

Designed to advance the achievements of 2007-2009, Tamkeen's strategic thrusts in the next five years focus on employment, private sector productivity and growth. This aim is centric to the enablement of Bahrainis developing the requisite expertise to fulfil skilled and semi-skilled jobs, currently being supported by the expatriate workforce as well as occupying new and suitable jobs created in the market of tomorrow. It is envisaged that private sector productivity will be improved and growth sustained, with collaborative efforts towards diversifying the economy away from oil and gas-related dependencies.

As a result, Tamkeen's activities will revolve around eight key areas which should help create, grow and support

enterprises – a wholesome framework for the development of Bahrain's private sector:

- 1 | As a first and overarching step, *Tamkeen will provide strategic oversight and coordination* of private sector development, working with other agencies and the private sector to enhance access to opportunities.
- 2 | Tamkeen will support the Economic Development Board in securing and improving the benefits from *foreign direct investment opportunities* to support skilled job creation and business linkages.
- 3 | Similarly, Tamkeen will *encourage indigenous entrepreneurship and growth* by providing tailored programmes catering to opportunity exposure, opportunity framing, pre-launch and market launch – indispensable tools for successful entrepreneurship.
- 4 | In order to ensure growth and security, Tamkeen will facilitate the granting of *adequate and appropriate financial support* to private sector businesses.
- 5 | Likewise, Tamkeen will *deliver accessible business support services* according to different enterprise needs.
- 6 | Tamkeen will also play a leading role in *developing human capital* for firms and supplying skilled and motivated employees for overall growth.

7 | By focusing on industrial innovation, research development, financing and structure, Tamkeen will drive the *development and adoption of a national innovation strategy*.

8 | *Developing an enabling environment for a vibrant private sector* is an objective which underlies all Tamkeen initiatives as Tamkeen strives to encourage competition and advocate the optimisation of regulatory administration burdens.

ENABLING FURTHER GROWTH

After a detailed process of surveys and analyses, Tamkeen identified 47 priority high-impact programmes, which

cover all aspects of our strategy, to run until 2014. These programmes will support 3,600 Bahrainis per year, helping them to become the preferred employees and will also support over 4,000 entrepreneurs and firms per year. By concentrating on small and medium-sized enterprises (the majority of firms in Bahrain and employing the vast majority of the workforce), Tamkeen's private sector development programmes can serve a large segment of Bahrain's companies and its workforce.

Encouraging Entrepreneurship

Thus, in order to aid and augment *the number of promising entrepreneurs*, four programmes will be established:

- 1 | Entrepreneurship Awards
- 2 | Entrepreneurial Activities in educational establishments
- 3 | Entrepreneur Networking Events
- 4 | The inclusion of Entrepreneurship into the educational curriculum will be encouraged and supported

Similarly, to help entrepreneurs *transform ideas into viable businesses*, three programmes will be setup:

- 1 | Business Plan Competitions
- 2 | Entrepreneurship Workshops
- 3 | New Incubators

Encouraging Foreign Direct Investment (FDI)

On the other hand, in cooperation with the Economic Development Board, Tamkeen will continue to encourage FDI by helping *secure investment from international firms* and supporting the upscaling and channeling of Bahrainis into these jobs.

Ensuring Adequate and Appropriate Financial Support

To *bridge the financing gap for businesses* in all phases of their development, Tamkeen will create and oversee four programmes:

- 1 | Subsidising small and medium-sized enterprise Lenders' Products
- 2 | Providing Loan Guarantees
- 3 | Catalysing new small and medium-sized enterprise Lenders

4 | The development of a Credit Scoring Approach

Likewise, in order to develop the *financial environment further* in Bahrain, Tamkeen will implement one further programme – that of Enabling Access to Angels whereby small and medium-sized enterprise entrepreneurs can access and learn from business angels.

Underpinning the many growth programmes and initiatives will be the Productivity Movement. In partnership with the Economic Development Board, this initiative explores the implementation mechanisms for a National Productivity Council in Bahrain, taking into consideration existing work practices, social and cultural factors as well as the organisational and administrative structures to *support and sustain the movement* and support economic growth and productivity.

Providing Other Business Support Services

The improvement of *enterprise productivity* is another central focus and a Tamkeen initiative, under which two programmes have been cultivated:

- 1 | The Development of Model Companies
- 2 | The Implementation of Awards Programmes

Moreover, *the expansion of firms* will be supported through two further programmes:

- 1 | Providing Funding and Advice for Expansion
- 2 | Supporting International Business Exchanges

In the same way, the *improvement of employed human capital* is a Tamkeen concern with three programmes envisaged:

- 1 | The Funding of Training and Development
- 2 | The Provision of Management and Leadership Training
- 3 | The development of Corporate Cultures and Occupational Standards

Equally, Tamkeen will strive to *ensure that appropriately skilled personnel are available to enterprises* through one particular programme – that of Developing a Workforce Intermediary through which both the needs of firms and the Bahraini workforce will be serviced.

Promoting Innovation

Due to Tamkeen's belief in the importance of innovation, an overall *innovation strategy for Bahrain* will be developed in conjunction with the Economic Development Board as a separate programme, from which a comprehensive roadmap should emerge. Underscoring this strategy will be the Innovation Movement, a movement designed to fuel the evolution of the private sector into a 'creative' environment that encourages innovation and productivity. This movement will also develop and nurture originality especially in knowledge-based industries through the development of specific programmes and activities designed to support the evolution of the workforce, fuel sustainable business that can support progress as well as create momentum for the development objectives of Vision 2030 and job creation for Bahrainis.

In addition, *innovation will be fostered* through four substantial programmes:

- 1 | Assisting Companies in Establishing Research and Development needs
- 2 | Providing Research and Development and Technology Commercialisation Grants
- 3 | Linking Businesses and Universities to collaborate on Research and Development activities and research
- 4 | Creating Innovation Awards

Developing the Business Environment

Lastly, in supporting the government strategy to grow a productive Bahrain of the future, Tamkeen will *interface with enterprises* in order to identify challenges and help resolve them through a Private Sector Interface programme, which is complementary to the 'Business Friendly Bahrain' initiative and policy.

SURPASSING CHALLENGES

The updated strategy provides a comprehensive approach that will enable Tamkeen to play its role in taking Bahrain to the next stage of its development, serving the requirements of the five-year National Economic Strategy and cementing Tamkeen's position as a key enabler of Vision 2030.

Focusing on employees, the private sector and the youth of today, Tamkeen plays a crucial role in the development of the Bahrain of tomorrow.

DR SUHA AHMED AL MURBATI
Owner of Specialist Dental Clinic

Tamkeen's support through the Technical Assistance Scheme enabled me to introduce modern technology to my clinic. This allowed me to enhance my services through more efficient patient management and quality control.



OUR JOURNEY IN NUMBERS

PRIVATE SECTOR SUPPORT PROJECTS AND BENEFICIARIES' NUMBERS

as of 31st December 2009

PROJECT	TARGET BENEFICIARIES	ACHIEVED BENEFICIARIES	PROGRAMME DURATION	ALLOCATED BUDGET
Enterprise Growth Management	2,229	1,175	8 Years	20,400,000
Business Development Scheme	425	164		
Technical Assistance Scheme	1,021	642		
Quality Management System	173	13		
Growth Assistance Scheme	310	82		
Business Information Scheme	300	274		
Mohasaba Scheme	1,200	50	2 Years	4,200,000
Finance Scheme*	1,700	1,589	12 years	15,900,000
Shamil Bank of Bahrain	300	209		3,500,000
Bahrain Development Bank	1,400	1,380		12,400,000
Received Initiatives	1,040	438		164,650
e-Tendering	1,000	400	Open	42,400
Transportation	10	10	1 Year	40,650
Fashion & Design	30	28	1 Year	81,600
Grand Total	6,169	3,252		40,664,650

* As at December 31st, 2009 - Tamkeen's budget covers profit subsidy and default which leverages a loan portfolio of BD 62.5 million with two partnering banks, Shamil Bank of Bahrain and Bahrain Development Bank.

HUMAN CAPITAL DEVELOPMENT PROJECTS AND BENEFICIARIES' NUMBERS*

as of 31st December 2009

PROJECT	TARGET BENEFICIARIES	ACHIEVED BENEFICIARIES	TRAINING DURATION	PROGRAMME DURATION	ALLOCATED BUDGET
Skills Gaps Projects					
Healthcare Programmes:					
College of Health Sciences	919	571	-	8 years	9,249,000
BSN Programme (Nursing)	400	306	4 years		
RNBSN Programme (Bridging) - PT	30	30	1 year		
RNBSN Programme (Bridging) - FT	75	61	1 year		
Psychiatric Nursing	10	8	1 year		
Community Health Nursing	10	9	1 year		
Allied Health Specialities: Associate Diploma in Medical Laboratory (MLT)	50	29	2.5 years		
Public Health	50	32	2.5 years		
Associate Diploma in Radiology	50	27	2.5 years		
Associate Diploma in Dental Hygiene	44	19	2.5 years		
Healthcare Assistants	200	50	6 months		
Royal College of Surgeons in Ireland - Medical University of Bahrain	157	152	4 years	8 years	2,512,000

* The figures in this table reflect the programmes that were launched since inception until December 31st, 2009. Some achieved numbers may reflect as nil, as they may have been signed in December 2009 or part of a phased training programme over a period of time. Each training programme has its respective duration.

PROJECT	TARGET BENEFICIARIES	ACHIEVED BENEFICIARIES	TRAINING DURATION	PROGRAMME DURATION	ALLOCATED BUDGET
Hospitality and Retail Programmes:					
Bahrain Institute for Hospitality and Retail	1,854	1,443	-	5 years	4,151,000
Food Preparation	100	91	6-9 months		
Front Office	284	259	6-9 months		
Cross Selling & Cashiering (Super Market Cashier) & Fast Food Chain Assistant	1,100	795	6-9 months		
Supervisory Level Programme	300	291	2 years		
Management Programme	50	0	4 years		
Certified Human Resources Executive	20	7	1 year		
Bahrain Institute for Hospitality and Retail	650	326	-	3 years	650,000
Certificate in Retail Operations Level II	500	252	7 months		
Certificate in Retail Operations Level III	100	74	1 year		
Diploma in Retail Management	50	0	1.5 years		
Bahrain Institute for Retail Development, Certificate in Retail Operations	1,500	226	4 months	3 years	2,397,000
Information Technology Programmes:					
Bahrain Training Institute - CISCO Network Professionals Programmes	100	100	-	3.5 years	400,000
CISCO: School Graduates Programme (First Diploma + CCNA + CCNP)	50	50	3.5 years		
CISCO: University Graduates Programme (CCNA + CCNP + CCDA)	50	50	1.5 years		
Bahrain Training Institute (BTI) - IT Security	100	33	-	3.5 years	573,650
School Graduates Programme (Professional Diploma)	50	13	3.5 years		
University Graduates Programme (Certified Professional)	50	20	1.5 years		

PROJECT	TARGET BENEFICIARIES	ACHIEVED BENEFICIARIES	TRAINING DURATION	PROGRAMME DURATION	ALLOCATED BUDGET
Information Technology Programmes:					
Bahrain Training Institute (BTI) - Webpage Development	100	32	-	3.5 years	600,075
School Graduates Programme (Professional Diploma)	50	14	3.5 years		470,925
University Graduates Programme (Master CIW Website Manager)	50	18	1.5 years		129,150
Training Programmes:					
Bahrain Airport Services BAS - Aeronautics Maintenance Engineering	63	62	4 years	5 years	1,084,000
Arabian East Training Center - Occupational Health and Safety	200	33	2 years	2 years	1,000,000
Gulf Insurance Institute - Admin. Assistant	100	17	4 months	2 years	165,000
Bahrain Training Institute (BTI) and Heriot-Watt College - Quantity Surveying	220	40	8 months	4 years	660,000
Ernst & Young - Finance and Accountancy	719	377	-	4 years	1,800,500
CAT	400	157	2 years		
ACCA	250	170	2.5 years		
PRM	13	13	7 months		
CMA	25	25	6 months		
APRM	31	12	7 months		

PROJECT	TARGET BENEFICIARIES	ACHIEVED BENEFICIARIES	TRAINING DURATION	PROGRAMME DURATION	ALLOCATED BUDGET
Talent Management Training					
Bahrain Institute for Banking and Finance (BIBF) - Leadership Training	200	130	1 year	2.9 years	195,000
Talent Management Workshops	800	0	-	3 years	560,000
Leadership Workshops	400	0	5 weeks		-
HR Workshops	400	0	5 weeks		-
Expert Group - Human Resources Training	200	200	1 year	2.5 years	400,000
Employment & Training Projects - Received Initiatives					
Reservation Sales Agent (Gulf Air)	150	125	-	closed	77,100
Bahrain Training Institute - Travel and Tourism	80	22	1 year	2 years	204,000
Mena Business Services	328	105	-	closed	680,000
Call Centre	298	93			-
Medical Coordinator	30	12			-
inJAz Bahrain - Business Ethics	4,680	1,137	4 months	3 years	126,000
Police Academy - Student Camp	300	300	1 month	1 years	160,500
BIBF - Banking Sector - Graduates Management Programme (Graduate Executive Management)	200	10	15 months	2 years	300,000
BIBF - Insurance Programme - GEM (Graduate Executive Management)	120	12	-	closed	495,600

PROJECT	TARGET BENEFICIARIES	ACHIEVED BENEFICIARIES	TRAINING DURATION	PROGRAMME DURATION	ALLOCATED BUDGET
Employment & Training Projects - Received Initiatives					
Exceed IT Academy	100	14	1 year	3 years	500,000
Bank of Bahrain and Kuwait - Retail Banking	100	40	5 weeks	3 years	160,000
Polytechnic Bahrain	100	16	2-4 years	5 years	1,400,000
Bahrain Institute for Technology (BIT) - System Administrator	120	52	6-8 months	3 years	324,000
Bahrain Development Bank BDB - Pilot Financing Scheme	100	41	1 year	5.5 years	1,038,750
CIMA - Ernst & Young	130	0	15 months	3 years	481,000
Labour Market Regulatory Authority - IT Admin.	40	0	2 years	2 years	609,000
Bahrain Women Union - Women in Technology	6,400	0	2 months	1 year	178,700
Computer Literacy	900	0			-
e-Learning	5,500	0			-
Awal Gulf - Airconditioning	50	0	2 years	2years	89,000
Gulf Air - Air Hostesses	150	0	4 months	3 years	483,500
Career Progression					
Career Progression Programme - BDO Consulting	6,500	4,495	-	3.5 years	12,610,000
Grand Total	27,530	10,084			46,314,375

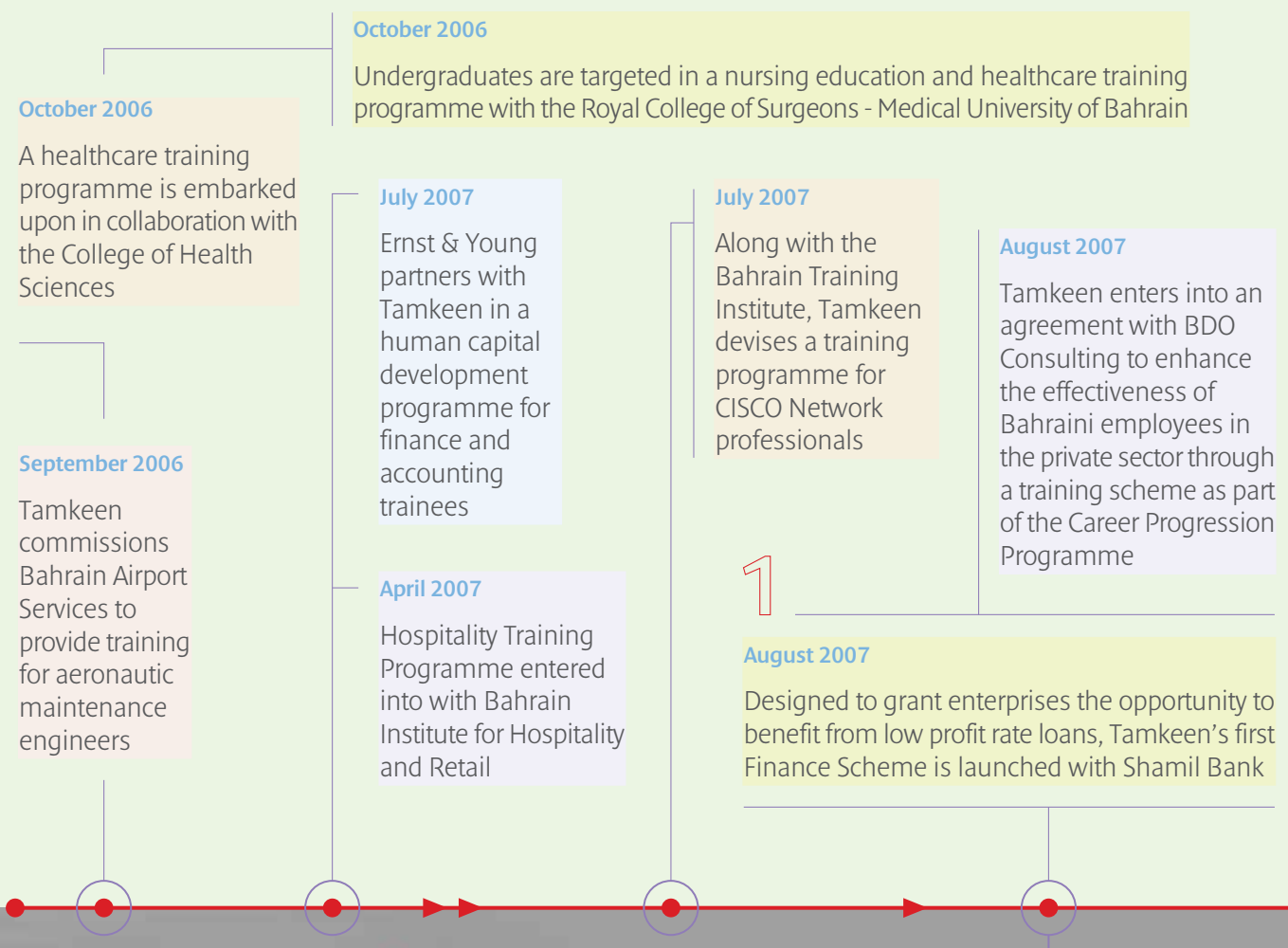
ACTIVITIES AT
THE HEART OF 
OUR OPERATION





Leaping Ahead...

HIGHLIGHTS FROM OUR JOURNEY



May 2008

Tamkeen enlists the Bahrain Development Bank to support small and medium-sized enterprises through a second Finance Scheme

August 2008

Tamkeen embarks on its Fashion and Tailoring Scheme in partnership with the Supreme Council for Women and Bahrain Training Institute

April 2008

Bank of Bahrain and Kuwait will train and employ 100 market entrants as part of Tamkeen's Employment and Training Human Capital Development initiatives

2

December 2007

In an alliance with the Expert Group, Tamkeen launches a Human Resources Management Certification programme within its Talent Management initiative

December 2007

Tamkeen enrolls the Talal Abu Ghazaleh Company to oversee the Enterprise Development Support programme

February 2009

A Quantity Surveyor training programme is embarked upon by Tamkeen in partnership with the Bahrain Training Institute

November 2007

Gulf Air benefits from a training and employment programme to support the establishment of a world wide call centre with Tamkeen support

3

September 2008

inJAz Bahrain and Tamkeen collaborate in the development and implementation of a business ethics module for secondary and university students

October 2007

In partnership with the Bahrain Institute for Hospitality and Retail a retail sector training programme is launched



2

3

November 2009
Ernst & Young will provide training in Islamic accountancy and finance practices, in line with a Tamkeen initiative

November 2009
8 Tamkeen is working towards the development of a National Qualifications Framework alongside the Scottish Qualifications Authority

August 2009
Bahrain Training Institute, in cooperation with Tamkeen, will train and employ market entrants in travel and tourism

June 2009
5
BDO Consulting, Ernst & Young and KPMG Fakhro are enlisted to implement Tamkeen's Mohasaba Programme

October 2009
Tamkeen launches a wide-ranging work ethics campaign designed to inspire positive work attitudes in Bahraini youth

May 2009
Tamkeen enrolls the Bahrain Institute of Banking and Finance for the execution of a training and employment programme in finance

May 2009
Aligned with the Charles Rivers Associates, Tamkeen updates its strategy, identifying priority sectors for its plans and penetration based on a comprehensive study of market conditions

October 2009
7
Bahrain Mumtalakat Holding Co and the Bahrain Development Bank partner with Tamkeen for Cadet Pilot Training

May 2009
4
Exceed Academy is assigned to implement an IT training and employment programme, spearheaded by Tamkeen

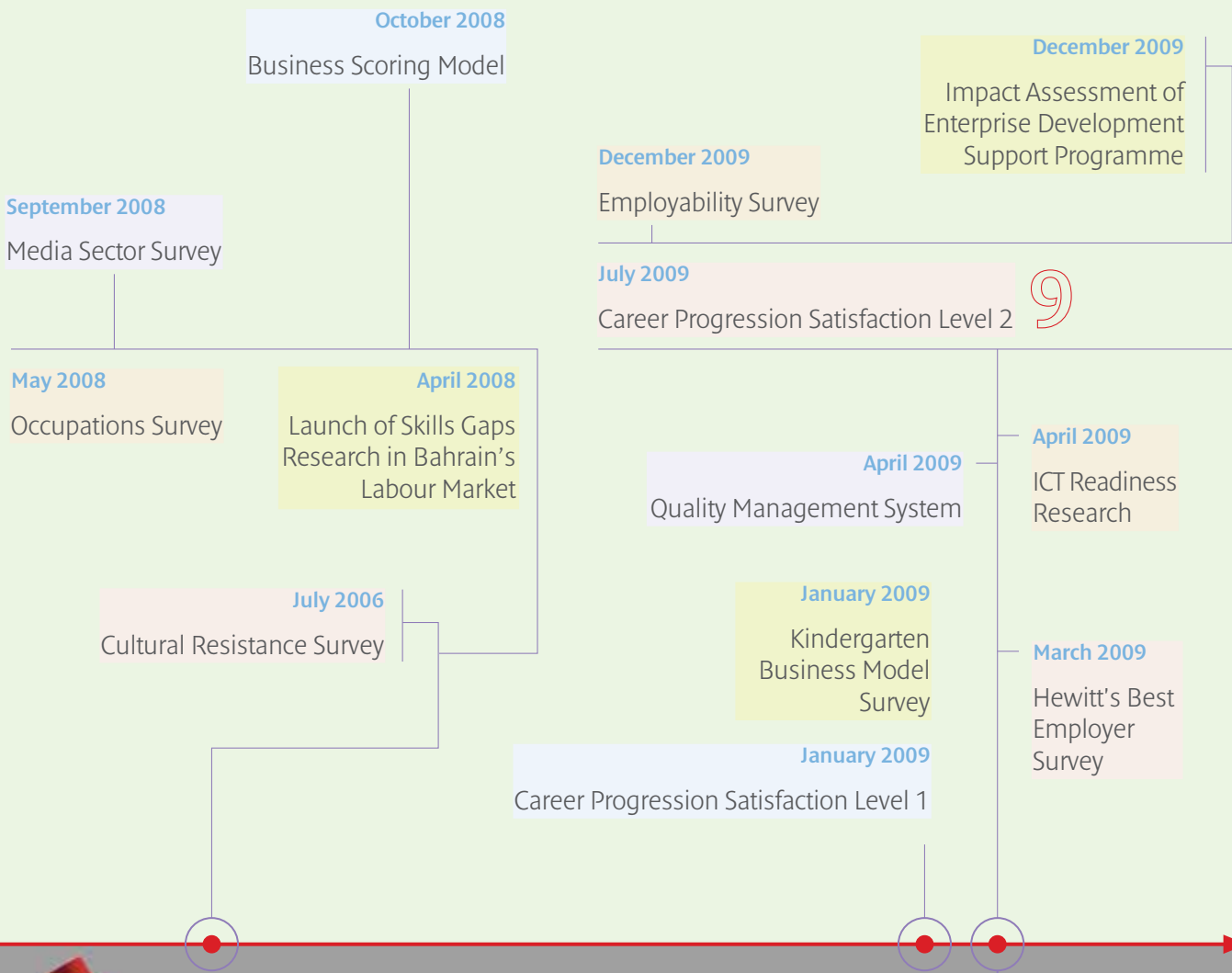
March 2009
Tamkeen partners with the Bahrain Institute of Technology for the training of school graduates in information technology

September 2009
6
In line with Tamkeen's strategy to encourage foreign direct investment, Tamkeen provides financial support to GE Security in order to train and employ Bahrainis in business management and high-value technical jobs



Research

To support the effective targeting of Tamkeen’s strategically defined projects and tactical approaches in pursuit of its activities, the Planning and Development Department is commissioned with the examination of statistics and other information regarding past, present and future economic, business and labour trends or performances. Some of the research projects and studies initiated by Tamkeen are highlighted.





FINANCIAL STATEMENTS

**~ When I want to
understand what is
happening today or
try to decide what will
happen tomorrow,
I look back.**

Omar Khayyam,
Islamic Thinker,
Philosopher and Mathematician

DIRECTORS' REPORT

The Directors present their annual report and financial statements for the year ended December 31, 2009.

PRINCIPAL ACTIVITY

The Labour Fund (Tamkeen) aims at increasing the efficiency and productivity of Bahraini labour, strengthening the national economy, developing the private sector and creating new suitable job opportunities for Bahrainis in the Kingdom of Bahrain.

REVIEW OF BUSINESS

The results for the year are set out on page 55 of these financial statements.

CHANGES IN DIRECTORS

There have been no changes in the Directors of the Fund during the year.

CHANGES IN AUDITOR

In accordance with Article 19 of the Law number (57) for the year 2006, the Fund is required to change the auditors of the Fund for the year ending December 31, 2010.

On behalf of the Board



Dr. Nezar bin Sadiq Al Baharna
Chairman

INDEPENDENT AUDITOR'S REPORT TO THE BOARD OF DIRECTORS

Labour Fund,
Manama,
Kingdom of Bahrain.

Report on the Financial Statements

We have audited the accompanying financial statements of Labour Fund, ("the Fund") which comprise the statement of financial position as at December 31, 2009, and the statement of activities, statement of changes in accumulated funds and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures

that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

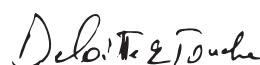
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

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

Report on Other Legal and Regulatory Requirements

In our opinion, the financial information provided in the Board of Directors' Report is in agreement with the financial statements and, based on the information and explanations given to us, we are not aware of any violations of the Law number 57 issued on August 12, 2006 to establish the Fund, having occurred during the year ended December 31, 2009 that might have had a material effect on the activities of the Fund or on its financial position.



Deloitte & Touche

Deloitte.

Manama - Kingdom of Bahrain,
March 13, 2010

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2009

	Notes	2009 BD	2008 BD
ASSETS			
Non-current assets:			
Furniture and equipment	5	671,737	479,764
Financial asset held to maturity	6	-	1,166,745
Total non-current assets		671,737	1,646,509
Current assets:			
Financial asset available for sale	6	1,166,745	-
Accounts and other receivables	7	12,479,931	11,669,934
Cash and cash equivalents	8	58,896,921	19,590,083
Total current assets		72,543,597	31,260,017
Total assets		73,215,334	32,906,526
ACCUMULATED FUNDS AND LIABILITIES			
Accumulated funds:			
General reserve	9	7,056,948	3,058,288
Accumulated surplus		63,512,538	27,524,594
Total accumulated funds		70,569,486	30,582,882
Current liability:			
Accounts payable and accruals	10	2,645,848	2,323,644
Total accumulated funds and liabilities		73,215,334	32,906,526
Commitment for expenditures	17.1	71,547,645	53,729,697

These financial statements were approved and authorised for issue by the Directors on March 13, 2010 and signed on their behalf by:



Dr. Nezar bin Sadiq Al Baharna
(Chairman)



Abdullellah Ebrahim Al-Qassimi
(Chief Executive)

The accompanying notes 1 to 18 form an integral part of these financial statements.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2009

	Notes	2009 BD	2008 BD
Income:			
Fees income	11	77,874,263	39,586,337
Other income	12	1,139,061	530,703
Total income		79,013,324	40,117,040
Expenditures:			
Project expenses	13	10,786,767	8,364,265
Unemployment Insurance Subscriptions	14	13,794,218	11,579,152
Bahrain Training Institute Funding		783,416	783,416
University Graduates Training and Employment programme		9,000,000	-
Employees' salaries and benefits	15	2,269,266	1,569,188
General and administrative expenses		1,479,215	793,980
Depreciation		104,307	35,568
Marketing cost		744,251	272,882
Training cost		65,280	113,845
Total expenditures		39,026,720	23,512,296
Excess of income over expenditures for the year transferred to accumulated surplus		39,986,604	16,604,744

The accompanying notes 1 to 18 form an integral part of these financial statements.

STATEMENT OF CHANGES IN ACCUMULATED FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2009

	General Reserve BD	Accumulated Surplus BD	Total BD
Balance as at December 31, 2007	1,397,814	12,580,324	13,978,138
Excess of income over expenditures for the year	-	16,604,744	16,604,744
Transfer to general reserve	1,660,474	(1,660,474)	-
Balance as at December 31, 2008	3,058,288	27,524,594	30,582,882
Excess of income over expenditures for the year	-	39,986,604	39,986,604
Transfer to general reserve	3,998,660	(3,998,660)	-
Balance as at December 31, 2009	7,056,948	63,512,538	70,569,486

The accompanying notes 1 to 18 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2009

	2009 BD	2008 BD
Cash flows from operating activities:		
Excess of income over expenditures for the year	39,986,604	16,604,744
Adjustments for:		
Depreciation	104,307	35,568
Profit income	(1,139,061)	(530,703)
Loss on disposal of furniture and equipment	1,316	1,151
	38,953,166	16,110,760
Changes in operating assets and liabilities:		
Increase in accounts receivable and prepayments	(809,997)	(5,852,755)
Increase in accounts payable and accruals	322,204	948,194
Net cash from operating activities	38,465,373	11,206,199
Cash flows from investing activities:		
Purchase of furniture and equipment	(302,912)	(454,432)
Proceeds from disposal of furniture and equipment	5,316	350
Acquisition of financial asset held to maturity	-	(1,166,745)
Profit income received	1,139,061	530,703
Net cash from/(used in) investing activities	841,465	(1,090,124)
Net increase in cash and cash equivalents	39,306,838	10,116,075
Cash and cash equivalents at the beginning of the year	19,590,083	9,474,008
Cash and cash equivalents at the end of the year	58,896,921	19,590,083
Comprising:		
Bank balances and cash	58,896,921	19,590,083

The accompanying notes 1 to 18 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2009

1 | GENERAL INFORMATION:

The Labour Fund (“the Fund”) was established, in accordance with law number 57 (2006) issued on August 12, 2006, as a judicial entity having an independent financial and administrative support and entitled to all the privileges given to other ministries, government entities and public institutions in the Kingdom of Bahrain.

The operations of the Labour Fund was wholly managed by the Economic Development Board (“EDB”) until December 31, 2006. All the costs were being incurred by the EDB on behalf of the Fund from the budget allocated to the Fund until this date. With effect from January 1, 2007, the Fund operationally separated from the EDB and commenced its operations independently.

The Fund aims at increasing the efficiency and productivity of Bahraini labour, strengthening the national economy, developing the private sector and creating new suitable job opportunities for Bahrainis in the Kingdom of Bahrain.

2 | ADOPTION OF NEW AND REVISED STANDARDS:

2.1 | Standards affecting the disclosures and presentation in the current year

The following revised Standard has been adopted in the current year which is effective for annual periods beginning on or after January 1, 2009 and has affected disclosures and presentations in the financial statements. Details of other Standards adopted in these financial statements but that have had no effect on the amounts reported are set out in Note 2.2.

IAS 1 (revised 2007) Presentation of Financial Statements

The revised Standard has introduced a number of terminology changes (including revised titles for the financial statements) and has resulted in a number of changes in presentation and disclosure. However, the revised Standard has had no impact on the reported results or financial position of the Fund.

The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk.

2.2 | Standards adopted with no effect on the financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

New Interpretations:		Effective for annual periods beginning on or after
IFRIC 13	Customer Loyalty Programmes	July 1, 2008
IFRIC 15	Agreements for the Construction of Real Estate	January 1, 2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	October 1, 2008
IFRIC 18	Transfers of Assets from Customers	Transfers received on or after July 1, 2009
New Standards:		
IFRS 8	Operating Segments	January 1, 2009

2 | ADOPTION OF NEW AND REVISED STANDARDS: (Continued)

		Effective for annual periods beginning on or after
Amendments to Standards:		
IFRS 1	First-time Adoption of International Financial Reporting Standards - Amendment relating to cost of an investment on first time adoption	January 1, 2009
IFRS 2	Share based payment - Amendment relating to vesting conditions and cancellations	January 1, 2009
IAS 1	Presentation of Financial Statements - Amendments relating to disclosure of puttable instruments and obligations arising on liquidation	January 1, 2009
IAS 23	Borrowing Costs - Comprehensive revision to prohibit immediate expensing	January 1, 2009
IAS 27	Consolidated and Separate Financial Statements- Amendment relating to cost of an investment on first time adoption	January 1, 2009
IAS 32	Financial Instruments: Presentation - Amendments relating to disclosure of puttable instruments and obligations arising on liquidation	January 1, 2009
IFRIC 9 & IAS 39	Amendments relating to Embedded Derivatives	Annual period ending on or after June 30, 2009
Various Standards	Certain amendments resulting from May 2008 Annual Improvements to IFRS's	Various

2.3 Standards and Interpretations in issue not yet adopted

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not effective:

		Effective for annual periods beginning on or after
New Interpretations:		
IFRIC 17	Distributions of Non-cash Assets to Owners	July 1, 2009
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	July 1, 2010
New Standards:		
IFRS 9	Financial Instruments	January 1, 2013
Amendments to Standards and Interpretations:		
IFRS 3	Business Combinations - Comprehensive revision on applying the acquisition method	July 1, 2009
IFRS 8	Operating Segments - Amendments for disclosure of segment assets	January 1, 2010

2 | ADOPTION OF NEW AND REVISED STANDARDS: (Continued)

New Interpretations:		Effective for annual periods beginning on or after
IAS 24	Related Party Transactions	January 1, 2011
IAS 27	Consolidated and Separate Financial Statements- Consequential amendments arising from amendments to IFRS 3	July 1, 2009
IAS 28	Investments in Associates - Consequential amendments arising from amendments to IFRS 3	July 1, 2009
IAS 31	Interests in Joint Ventures - Consequential amendments arising from amendments to IFRS 3	July 1, 2009
IAS 32	Financial Instruments: Presentation	February 1, 2010
IAS 39	Financial Instruments: Recognition and Measurement- Amendments for eligible hedged Items	July 1, 2009
Various Standards	Amendments resulting from May 2008 and April 2009 Annual Improvements to IFRS's	Various
Amendments to Standards and Interpretations:		
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	January 1, 2011

The Directors anticipate that all of the above Standards and Interpretations, as applicable, will be adopted in the Fund's financial statements in future periods and that the adoption of those Standards and Interpretations will have no material impact on the financial statements of the Fund in the period of initial application, except that:

IFRS 9 does not include the available-for-sale and held to maturity financial instrument categories and accordingly the presentation on statement of financial position and related notes to the financial statements would change.

3 | SIGNIFICANT ACCOUNTING POLICIES:

Statement of Compliance

The financial statements have been prepared in accordance with the International Financial Reporting Standards.

Basis of Preparation

The financial statements have been prepared on the historical cost basis.

The financial statements have been presented in Bahraini Dinars ("BD"), being the functional currency of the Fund.

The significant accounting policies are set out below.

3 | SIGNIFICANT ACCOUNTING POLICIES: (Continued)

3.1 | Furniture and Equipment

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

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

Furniture and Fixtures	5 years
Computers	3 years

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

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

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

3.2 | Impairment of Tangible Assets

At each reporting date, the Fund reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Fund estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

The recoverability of the Fund's tangible assets is subject to the future profitability of its operations and evolution of the business in accordance with its plans. In evaluating the recoverability of its assets, the management reviews the value and future benefits of the Fund's operations based on technological, regulatory and market conditions.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of activities, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss previously been recognised. The reversal of the loss is recognised immediately in the statement of activities, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

3 | SIGNIFICANT ACCOUNTING POLICIES: (Continued)

3.3 | Accounts Receivable

Accounts receivable represents fee income receivable from Labour Market Regulatory Authority (“LMRA”) and is stated at original values. Accounts receivable is measured at initial recognition at fair value, and is subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in the statement of activities when there is objective evidence that the asset is impaired.

3.4 | Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, bank balances, and Wakala and Murabaha and money in call accounts which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

3.5 | Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. If such evidence exists, the estimated recoverable amount of the asset is determined and any impairment loss recognized for the difference between the recoverable amount and the carrying amount. Impairment losses are recognised in the statement of activities.

For financial assets objective evidence of impairment could include significant financial difficulty of the counterparty or default or delinquency in repayments; or it is probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial asset, such as accounts receivable, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Fund’s past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3.6 | De-recognition of Financial Assets

The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains

3 | SIGNIFICANT ACCOUNTING POLICIES: (Continued)

substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

3.7 | Financial Asset Held to Maturity

Financial asset with fixed or determinable payments and fixed maturity date and that the Fund has the positive intent and ability to hold to maturity, is classified as a financial asset held to maturity and is measured at amortised cost, less any impairment loss recognised to reflect irrecoverable amounts. Amortised cost is calculated by taking into account any discount or premium on acquisition. Gains or losses arising from derecognising and impairment of such financial asset are recognised in the statement of activities.

3.8 | Financial Assets Available for Sale

The Fund has investments in unlisted units that are not traded in an active market but that are classified as AFS financial assets and stated at fair value. Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated in the investments revaluation reserve, with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets, which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

Dividends on AFS equity instruments are recognised in profit or loss when the Fund's right to receive the dividends is established.

3.9 | Accounts Payable and Accruals

Liabilities are recognised for amounts to be paid in future for goods or services received, whether billed by the supplier or not. These are carried at cost which is the fair value of the consideration to be settled in future.

3.10 | Provisions

A provision is recognised when, and only when, the Fund has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

3.11 | Employees' Benefits

For Bahraini employees, the Fund makes contributions to the Pension Fund calculated as a percentage of the employees' salaries. The Fund's obligations are limited to these contributions, which are expensed when due.

The entitlement to leave pay is based upon the terms of employment contracts with the employees and length of service. The expected costs of these benefits are accrued at the end of each reporting date period and carried forward until they are utilised.

3.12 | Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable.

3 | SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Fees and other income

Fees and other income are recognised when the Fund's right to receive such income is established.

Profit income

Profit income is accrued on a time basis, by reference to the principal outstanding and at the effective profit rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying value.

3.13 Foreign Currencies

Transactions in foreign currencies are initially recorded in functional currencies at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the statement of financial position date. All differences are taken to the statement of activities. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

4 | CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY:

In the application of the Fund's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 | Critical judgements in applying the Fund's accounting policies

In the process of applying the Fund's accounting policies, which are described in Note 3, management made the following judgement that may have significant effect on the amounts recognized in the financial statements.

4.1.1 | Classification of investments

Management has to decide upon acquisition of an investment whether it should be classified as held to maturity, available for sale or investments at fair value through profit or loss. For those deemed to be held to maturity, the Fund ensures that the requirements of IAS 39 are met and in particular the Fund has the intention and ability to hold these to maturity. The Fund classifies investments as carried at fair value through profit or loss if they are acquired primarily for the purpose to be held for trading or upon initial recognition it is designated by the Fund as at fair value through profit or loss. All other investments are classified as available for sale.

4 | CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY: (Continued)

4.2 | Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.2.1 | Useful lives of furniture and equipment

The Fund's management determines the estimated useful lives of its furniture and equipment for calculating depreciation. This estimate is determined after considering the expected usage of the asset and physical wear and tear. Management reviews the residual value and useful lives annually and future depreciation charge would be adjusted when management believes the useful lives differ from previous estimates.

4.2.2 | Impairment of financial assets

The Fund's management reviews periodically items classified as accounts receivable to assess whether a provision for impairment should be recorded in the statement of activities. Management estimates the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgement and uncertainty.

5 | FURNITURE AND EQUIPMENT:

	Furniture and fixtures BD	Computers BD	Capital work in progress BD	Total BD
Cost:				
Balance as at December 31, 2007	16,184	71,350	2,000	89,534
Additions	331,409	9,270	113,753	454,432
Disposals	(3,345)	-	-	(3,345)
Balance as at December 31, 2008	344,248	80,620	115,753	540,621
Additions	73,200	43,199	186,513	302,912
Capitalised during the year	4,129	298,137	(302,266)	-
Disposals	(11,170)	(15,795)	-	(26,965)
Balance as at December 31, 2009	410,407	406,161	-	816,568
Accumulated depreciation:				
Balance as at December 31, 2007	3,423	23,710	-	27,133
Depreciation expense	10,006	25,562	-	35,568
Eliminated on disposal	(1,844)	-	-	(1,844)
Balance as at December 31, 2008	11,585	49,272	-	60,857
Depreciation expense	73,243	31,064	-	104,307
Eliminated on disposal	(6,121)	(14,212)	-	(20,333)
Balance as at December 31, 2009	78,707	66,124	-	144,831
Carrying amounts:				
At December 31, 2009	331,700	340,037	-	671,737
At December 31, 2008	332,663	31,348	115,753	479,764

6 | FINANCIAL ASSET AVAILABLE FOR SALE:

The financial asset available for sale represents 20% of the capital contribution in Venture Capital Fund (VCF), sponsored and managed by Venture Capital Bank B.S.C. (c) amounting to USD 3.09 million. The VCF aims to channel funding in the form of equity investment to nurture and grow promising existing small and medium businesses across multiple industries in Bahrain.

6 | FINANCIAL ASSET AVAILABLE FOR SALE: (Continued)

The term of the fund is 7 years. The Fund initially had classified the investment as held to maturity at the date of acquisition, since the Fund had the intention and the ability to hold the investment till maturity. During the year, the Fund has changed its intention to hold the investment to maturity and accordingly reclassified it to available for sale investment.

Subsequent to the date of the financial position, the Fund has entered into a sale agreement with Venture Capital Bank B.S.C (c) and Bahrain Development Bank for the sale of 100% of its ownership interest in VCF for a total consideration of USD 2,962,560 equivalent to BD 1,116,885.

7 | ACCOUNTS AND OTHER RECEIVABLES:

	2009 BD	2008 BD
Receivable from LMRA (Note 11)	12,000,000	11,599,142
Prepayments	43,782	29,207
Other receivables	436,149	41,585
	12,479,931	11,669,934

The receivable from the LMRA represents the fees for November and December 2009 of BD 6 million each, estimated by management based on actual collections of the previous month.

8 | CASH AND CASH EQUIVALENTS:

	2009 BD	2008 BD
Cash on hand	500	500
Bank balance	249,476	229,672
Balance in the call account	13,665,617	1,283,292
Murabaha and Wakala	44,981,328	18,076,619
	58,896,921	19,590,083

Balances with banks are non-profit earning, except for certain balances in call accounts which earn profit at effective rate of 1.45% (2008: 1.45%) per annum.

Murabaha and Wakala are placed with local Islamic banks, have maturity periods up to three months from the date of their inception and earn profit at effective rate of 3% (2008: 5%) per annum.

9 | GENERAL RESERVE:

The Directors decided to transfer 10% of the excess of income over expenditures for each year to a general reserve. There are no restrictions over the utilisation of the general reserve.

10 | ACCOUNTS PAYABLE AND ACCRUALS:

	2009 BD	2008 BD
Accounts payable	75,130	862,206
Due to the General Organisation for Social Insurance (Note 14)	1,146,564	1,026,312
Accrued expenses	1,047,424	212,928
Accruals for employee benefits	376,730	222,198
	2,645,848	2,323,644

Accounts payable represents amounts payable for various projects in progress as at the statement of financial position date.

11 | FEES INCOME:

The fees income represents the Fund's eligibility to an 80% share of fees collected for the following;

- From private sector employers for the issue of work permits and its renewal;
- Agencies and recruitment offices permits; and
- Renewal and permits of foreign employers to work in the Kingdom of Bahrain.

These fees are collected by the LMRA and transferred to the Fund based on the above agreed percentage.

12 | OTHER INCOME:

	2009 BD	2008 BD
Profit income	1,130,211	524,177
Project income	8,850	6,526
	1,139,061	530,703

13 | PROJECT EXPENSES:

	2009	2008
	BD	BD
Enterprise Development Support Programme	1,560,397	3,338,543
Career Progression	3,359,596	1,490,317
Hospitality Management Programme	1,390,682	834,732
Finance and Accounting Programme	207,266	174,477
Small and Medium Enterprise Financing Scheme	335,174	62,967
Human Resource Certification Programme	186,000	180,000
Gulf Air WWCC Programme	3,300	29,880
Transportation Scheme	3,000	21,634
e-Marketplace	13,200	4,800
Tailoring and Fashion Design	66,317	-
Retail Training Programme	200,116	237,068
MENA Business Services Training Programme	74,700	191,800
Business Ethics - inJAz Bahrain	42,067	-
Apprenticeship Scheme in Retailing BIRD	260,036	-
Leadership Development Scheme	78,975	47,775
Occupational Health & Safety	80,999	-
Health Care Training Programme - CHS	1,095,000	1,073,000
BBK Retail Banking Associate Programme	32,000	32,000
CISCO Network Professionals	51,254	72,964
Feasibility Study and Pre-Seed Capital Schemes	100,000	-
GE Security	250,005	-
Aeronautics Maintenance Engineering	236,000	291,000
Certified System Administrator Programme	114,480	-
Undergraduate Nursing Education - RCSI	580,000	264,000
Graduate Executive Insurance Management	32,610	4,560
Royal Police Academy Youth Campaign	160,500	-
National Skills Standardisation Programme	9,156	-
Exceed IT Academy	49,500	-
Administrative Assistants Programme	33,569	-
Positive Work Attitude Schemes	180,568	-
Other projects	300	12,748
	10,786,767	8,364,265

14 | UNEMPLOYMENT INSURANCE SUBSCRIPTIONS:

	2009	2008
	BD	BD
Unemployment insurance subscriptions	13,794,218	11,579,152

As stipulated in the Unemployment Law promulgated in Decree 87 of 2006, the Fund should contribute 1% unemployment subscriptions to the General Organisation for Social Insurance on behalf of the employers of the private sector. The amounts payable as at December 31, 2009 represents the subscription amount due for the month of December 2009 (2008: amount due for the month of December 2008) (Note 10).

15 | EMPLOYEES' SALARIES AND BENEFITS:

	2009	2008
	BD	BD
Salaries	1,458,760	938,423
Other staff allowances	323,088	256,099
Pension Fund contributions	226,854	172,199
Transport allowances	65,052	58,283
Social allowances	50,042	41,600
Life and medical insurance	57,801	54,669
Interest on employees' loans	59,809	28,470
Telephone and communications	27,860	19,445
	2,269,266	1,569,188

16 | RELATED PARTY TRANSACTIONS:

Compensation of key management personnel:

The remuneration of the key management during the year was as follows:

	2009	2008
	BD	BD
Short term benefits	493,573	288,376
Long term benefits	-	27,430
	493,573	315,806

The above compensation was in the form of salaries, allowances, and bonus.

17 | COMMITMENTS AND CONTINGENT LIABILITY:

17.1 | Commitment for expenditures:

	2009	2008
	BD	BD
Human capital development projects	32,385,716	29,277,111
Private sector support projects	28,331,880	22,877,752
Other projects	10,830,049	1,574,834
	71,547,645	53,729,697
Analysed as:		
Not longer than one year	33,610,973	25,071,817
Longer than one year and not longer than five years	37,936,672	28,657,880
	71,547,645	53,729,697

The above commitments were calculated based on the management's best estimates, considering the expected expenditures on various projects.

17 | COMMITMENTS AND CONTINGENT LIABILITY: (Continued)

17.2 | Contingent liability:

	2009	2008
	BD	BD
Financing guarantee	30,000,000	15,000,000

Pursuant to the memorandum of understanding dated July 18, 2007, Shamil Bank of Bahrain B.S.C. agreed to grant financing facilities to the companies supported by the Fund for the amount up to BD 12.5 million, out of which the Fund agreed to guarantee up to 80% of the value of all outstanding amounts due to the said bank under the above facilities. The Fund's anticipated liability under this guarantee is limited to BD 10 million (December 31 2008: BD 10 million) and will automatically be reduced by any amount paid under this guarantee.

According to the agreement dated May 28, 2008, Bahrain Development Bank, agreed to grant financing facilities to the small and medium size companies supported by the Fund for their related amounts due to the said bank under the above scheme. The Fund's anticipated liability under this guarantee has been increased during the period from a limit of BD 5 million to BD 20 million and will be reduced by any amount paid under this guarantee.

18 | FINANCIAL INSTRUMENTS:

Financial instruments consist of financial assets and financial liabilities.

Financial assets of the Fund include cash and cash equivalents, financial asset held to maturity, financial asset available for sale and accounts and other receivables.

Financial liabilities of the Fund include accounts and accruals payable.

a | Significant accounting policies

Significant accounting policies and methods adopted, including the criteria for recognition, basis of measurement, and the basis on which income and expenses are recognised in respect of each class of financial assets and liabilities are set out in Note 3.

The risk associated with financial instruments and the Fund's approaches to managing such risks are described below:

18 | FINANCIAL INSTRUMENTS: (Continued)

b | Categories of financial instruments

The summary of financial assets and liabilities is as follows:

	2009 BD	2008 BD
Financial assets		
Financial asset held to maturity	-	1,166,745
Financial asset available for sale	1,166,745	-
Receivables (including cash and cash equivalents)	71,333,070	31,230,810
Financial liabilities		
Amortised cost	2,645,848	2,323,644

c | Financial risk management objectives

The finance function of the Fund monitors and manages the financial risks relating to the operations of the Fund through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (consisting mainly of foreign currency risk, profit margin rate risk) as well as credit risk and liquidity risk. The risk associated with financial instruments and the Fund's approaches to managing such risks are described below:

d | Market risk management

The Fund's activities expose it primarily to the market risks which consist mainly of foreign currency exchange rates and profit margin rates.

d-1 | Profit margin rate risk management

Profit margin risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit share rates.

The Fund's Murabaha and Wakala carry fixed profit margin rates and mature within three months.

The Fund's exposure to profit margin rates on financial assets is detailed in Note 8.

d-2 | Currency risk management

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Fund's financial assets and liabilities are denominated in Bahraini Dinars. Therefore the Fund's exposure to foreign currency risk is insignificant as at the reporting date.

18 | FINANCIAL INSTRUMENTS: (Continued)

e | Credit risk management

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Fund's receivables represent the fee income receivable from LMRA and the exposure to credit risk is limited as the Fund's eligibility to the above income is established by Law.

Credit risk on liquid funds is limited because the counterparties are reputable local banks regulated by the Central Bank of Bahrain. The carrying amount of financial assets recorded in the financial statements represents the Fund's maximum exposure to credit risk.

f | Liquidity risk management

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Fund's short, medium and long-term funding and liquidity management requirements. The Fund manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The financial instruments of the Fund have a maturity of three months or less.

g | Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Underlying the definition of fair value is a presumption that an enterprise is a going concern without any intention or need to liquidate, curtail materially the scale of its operations or undertake a transaction on adverse terms.

The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Fund's financial asset available for sale falls under level 2.

The Directors consider the fair value of the Fund's financial instruments approximated their carrying amounts as at the reporting date.