

CUTTING EDGE ISLAMIC WEALTH MANAGEMENT INSTRUMENTS IN LABUAN

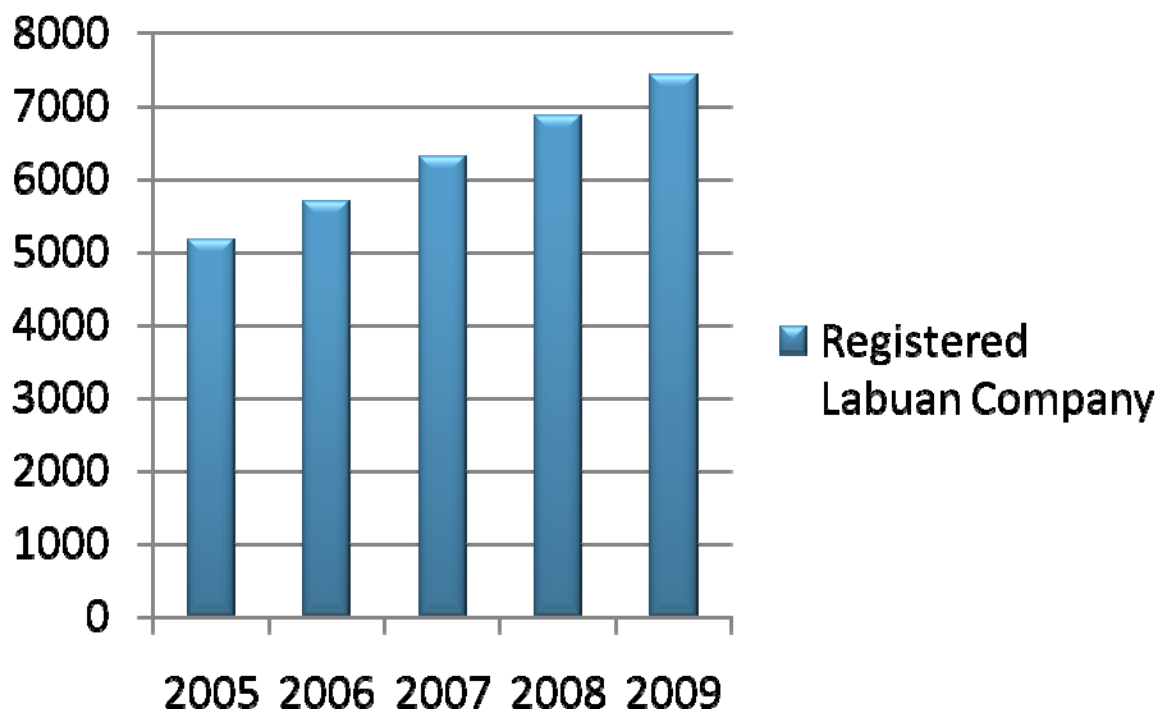
LABUAN IBFC IS THE OFFICIAL
AGENCY SANCTIONED BY
THE MALAYSIAN GOVERNMENT
TO MARKET LABUAN AS THE
PREMIER INTERNATIONAL
BUSINESS AND FINANCIAL
CENTRE IN ASIA PACIFIC

Labuan is a beautiful island



Growth of Labuan Companies

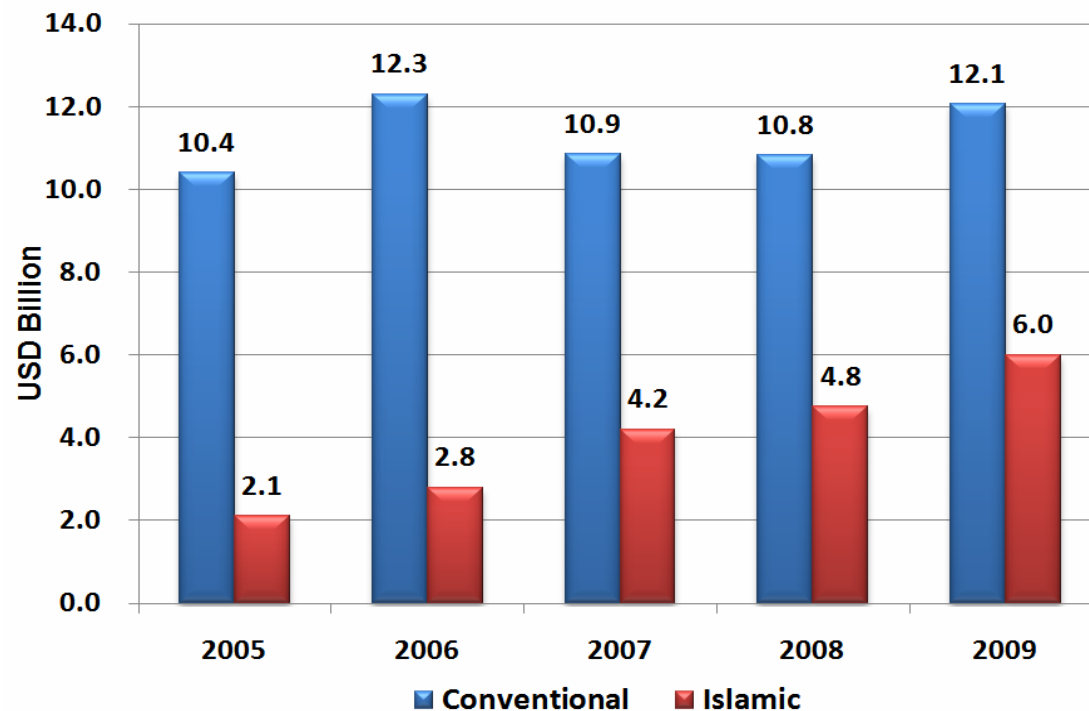
Growth of Labuan Companies



- 7,423 registered companies in 2009
- Originating from more than 90 countries
- 73.1% from Asia-Pacific and Far East region
- Reflects strategic focus of Labuan IBFC

Snapshot of Labuan's Capital Markets

LFX - Market Capitalisation



LFX

- Market capitalisation increased by 16.2% to USD18.1 billion
- Total 28 instruments listed

Funds

- Fund size increased by 7.8% to USD9.7 billion (2008:USD9.0 billion)

Debt Issuance

- Total debt issuance amounted to USD16.5 billion

Maintaining The Momentum - New And Enhanced Laws



Snapshot of Labuan IBFC's Modern Laws

New Acts

**Labuan Financial Services And Securities Act
2010**

**Labuan Islamic Financial Services And
Securities Act 2010**

Labuan Foundations Act 2010

**Labuan Limited Partnerships And Limited
Liability Partnerships Act 2010**

Amended Acts

**Labuan Business Activity Tax (Amendment)
Act 1990**

**Labuan Financial Services Authority
(Amendment) Act 1996**

Labuan Trusts (Amendment) Act 1990

Labuan Companies (Amendment) Act 1990

Labuan Islamic Financial Services And Securities Act 2010

THE FIRST COMPREHENSIVE ISLAMIC FINANCIAL SERVICES AND SECURITIES ACT IN THE WORLD
SPECIFICALLY CRAFTED TO CATER FOR ISLAMIC BUSINESSES AND FAMILIES

Establishment of **Shariah Supervisory Council (SSC)** :

- Comprising renowned international Islamic finance scholars, many of whom are also members of Malaysia's central bank and securities commission shariah councils.
- Issue advice, ascertain the Islamic law and make ruling which will be binding on the Authority and taken into consideration in court.

LABUAN FSA is a member of:

- International Islamic Financial Market (IIFM)
- Islamic Financial Services Board (IFSB)
- Recognize Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI)
- Labuan IBFC also hosts Global Takaful Group (GTG) and Labuan FSA is facilitating the GTG initiative to set up a Lloyds Retakaful Syndicate.

Cutting Edge Wealth Instruments



Modern Islamic Entities In Labuan

Islamic Trusts

Islamic Foundations

Islamic Mutual Funds

The above Islamic entities in Labuan are required to expressly state that their aims and operations are in compliance with shariah principles and also to appoint a shariah adviser.

LABUAN ISLAMIC FOUNDATIONS

LABUAN ISLAMIC FOUNDATIONS

Carefully drafted with comprehensive research, market feedbacks and inputs from international legal consultants, one of whom is a member of Labuan's International Advisory Panel (IAP)

A Foundation is a recognized separate legal entity, hence liabilities are limited.

More control retained by the founder

Protected from foreign claims and cannot be forcefully liquidated.

A Foundation can be in perpetuity

LABUAN ISLAMIC TRUSTS

Islamic Charitable Trusts

Wide list of charitable purposes including the advancement of human rights.

Islamic Purpose Trusts

This kind of trust exists for advancing of a specific purpose.

Islamic Special Trusts

Company shares are held in trust and may be retained indefinitely. The trust power is restricted so that the management of the company can be carried out by its directors without power of intervention by the trustee. Ideal for for dynastic succession.

Islamic Private Trust Company

It is a company within which trusts can be managed by beneficiaries and settlor who are related to each other for more control.

LABUAN ISLAMIC MUTUAL FUNDS

Private Fund

A fund can be structured as Labuan company, a corporation incorporated under the laws of a recognised country or jurisdiction, a partnership, a protected cell company (PCC) or a unit trust.

Public Fund

Support multiclass structure

No capital / exchange control

Comprehensive and modern Islamic Act

Internationally recognized. Ideal to be used as a platform to enter into Asian and Islamic capital markets

PRIVATE FUND – HASSLE FREE AND FLEXIBLE

Private Islamic Mutual Fund

No more than 50 investors with a min.
initial investment of not less than RM250K
or its equivalent

Or

No max. number of investor but with a
min. initial investment of not less than
RM500K or its equivalent

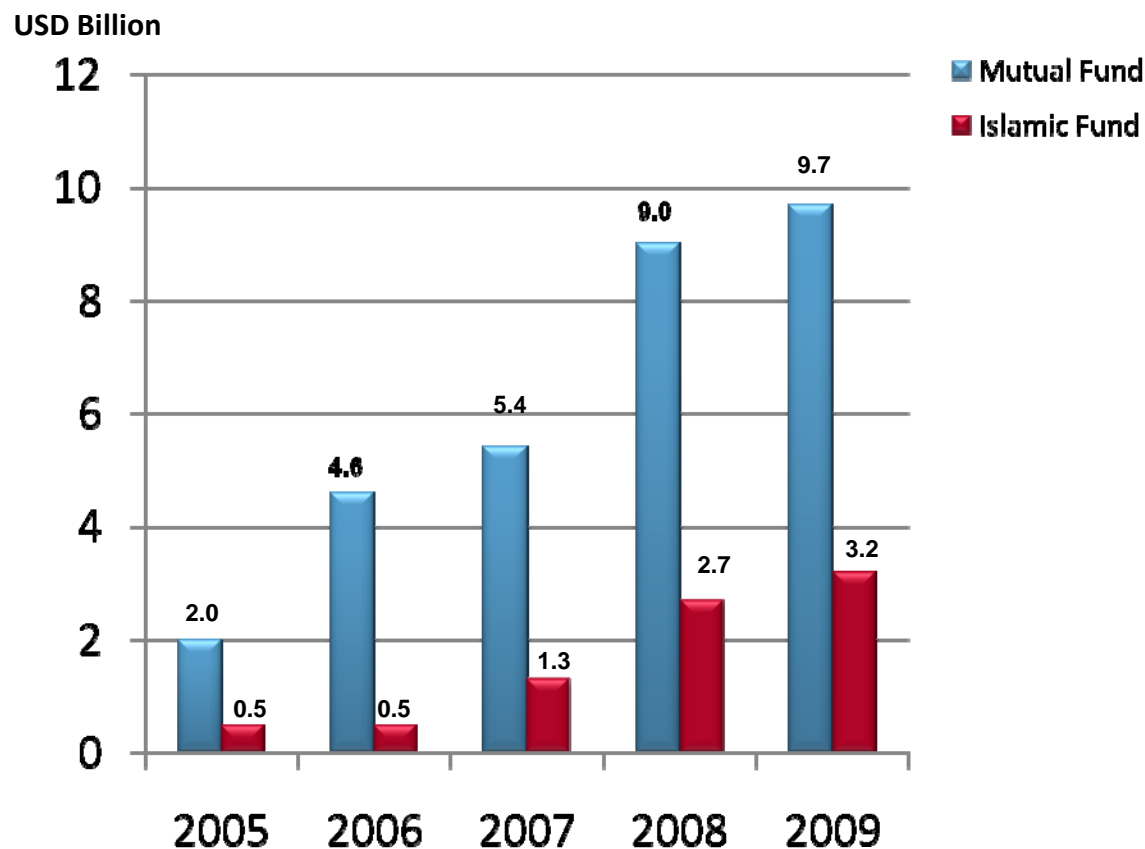
Only required notification to the Authority and
submit information memorandum

Not required to be a licensed Labuan fund
manager

Not required to provide monthly/ quarterly/
half yearly statement to investors.

Not required to submit annual audited
financial statement to the Authority

Growth of Labuan's Mutual Funds



Funds

- Fund size increased by 7.8% to USD9.7 billion (2008:USD9.0 billion)

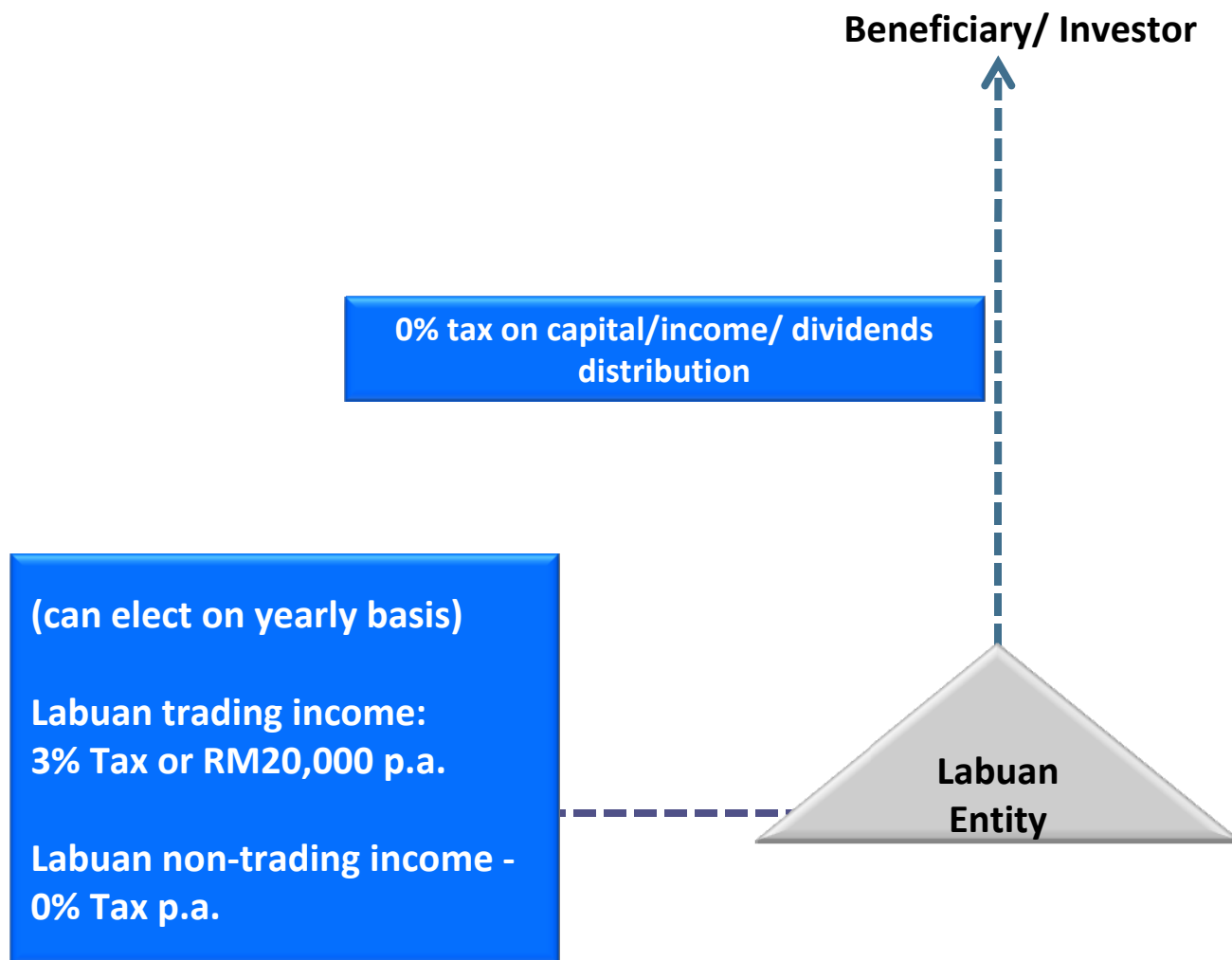
Islamic Mutual Funds

- Total Islamic fund size increased by 18% to USD3.2 billion in 2009 as compared to USD2.7 billion in 2008.



Simple and Straight Forward

LABUAN'S SIMPLE TAX STRUCTURE



OTHER BENEFITS?

OTHER KEY BENEFITS

Access To Asia Pacific's Largest Double Taxation Agreement network (64)

No exchange controls, stamp duty or indirect tax

Several individual tax exemptions up to year of assessment 2020

Advance Tax Ruling. Provides certainty and clarity.

An application can be made to the income tax authority to obtain a written statement setting out the tax structure applicable to a transaction or business .

LABUAN IBFC TODAY AND THE FUTURE

Co-location - Today:

Labuan holding companies and banks
are permitted to set up full
operational offices in Kuala Lumpur

Labuan Future Concept:

More and more Labuan licensed
entities will be allowed to set up
full operational offices in Kuala
Lumpur



Good Infrastructure

LABUAN SERVICE PROVIDERS

Labuan Banking (59)

- 6 Islamic banks
- 6 Islamic windows

Labuan Insurance (149)

- 5 Re-takaful companies
- 9 Re-takaful windows
- 10 Re-takaful brokers

Trust Companies (22)

Capital Market (40)

- 8 Islamic instruments

Source: Statistics as at December 2009 from Labuan FSA annual report

** Statistics may already be included in other categories (i.e. leasing, insurance, banking)*

Growth of Labuan's Islamic Financial Sector

Labuan FSA Annual Report 2009	2009 (USD'mil)	Growth Over 2008
Total Islamic Private and Public Funds	3,200	19%
Total Islamic Deposits	386	15%
Total Takaful/ Retakaful Gross Contributions	234	44%
Total Capitalisation of SUKUK listed	6,000	26%

Source: Labuan FSA 2009 annual report

THANK YOU

**LABUAN INTERNATIONAL BUSINESS & FINANCIAL CENTRE
INCORPORATED SDN BHD (817593 D)**

MARKETING OFFICE: SUITE 3, LEVEL 11, BLOCK 2B, PLAZA SENTRAL
JALAN STESEN SENTRAL, KL SENTRAL, 50470 KUALA LUMPUR, MALAYSIA
TEL +603 2773 8977 FAX +603 2780 2077

www.LabuanIBFC.my

LABUAN IBFC IS THE OFFICIAL
AGENCY SANCTIONED BY
THE MALAYSIAN GOVERNMENT
TO MARKET LABUAN AS THE
PREMIER INTERNATIONAL
BUSINESS AND FINANCIAL
CENTRE IN ASIA PACIFIC

Disclaimer

This presentation should not be regarded as offering a complete explanation of the tax matters referred to and is subject to changes in law. It is not intended to be a substitute for detailed research or the exercise of professional judgment. Labuan IBFC cannot accept any responsibility for loss occasional to any person acting or refraining from action as a result of any material in this presentation.