

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document and/or as to what action should take, you are recommended to seek your own personal financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorized under the Financial Services and Markets Act of 2000, as amended if you are resident in the United Kingdom or, if not, from any other appropriately authorised independent financial adviser.**

If you sell, have sold or otherwise transferred all of your Common Shares you should deliver this document together with the enclosed Form of Proxy as soon as possible to the purchaser or transferee of such Common Shares or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee. If you sell, have sold or otherwise transferred part only of your holding of Common Shares, please retain this document and the accompanying Form of Proxy and consult the purchaser or transferee or the stockbroker, bank or other agent through whom the sale or transfer was effected.

The Directors, whose names appear on page 5 of this document, accept responsibility for the information contained in this document. To the best of the knowledge and belief of each of the Directors (who have taken reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts, and this document makes no omission, likely to effect the import of such information.

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## **Shariah Capital, Inc.**

(Incorporated under the laws of the State of Delaware, United States of America)

### **Proposed cancellation of admission to trading of the Common Shares on AIM and Notice of Special Meeting**

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This document should be read as a whole in conjunction with the accompanying Form of Proxy. Your attention is drawn to the letter to Shareholders from the Chairman and CEO of Shariah Capital, which is set out on pages 5-9 of this document. This letter explains the background to and reasons for the cancellation of the admission of the Common Shares to trading on AIM and contains a recommendation that you vote in favor of the Resolution to be proposed at the Special Meeting referred to below.

An application has been made to the London Stock Exchange for the cancellation of the admission to trading on AIM of the Common Shares. Subject to the Resolution being passed at the Special Meeting, it is expected that cancellation of the admission of the Company's Common Shares to trading on AIM will occur at 7:00 a.m. UK time on 5 September 2012.

Notice of the Special Meeting of Shariah Capital, Inc. to be held at 125 Elm Street, New Canaan, Connecticut, United States of America at 11:30 a.m. (4:30 p.m. UK time) on 23 August 2012 is set out at the end of this document. **Whether or not you intend to be present at the Special Meeting, you are urged to complete and return the enclosed Form of Proxy in accordance with the instructions printed thereon so as to arrive as soon as possible and, in any event, not later than 11:30 a.m. (4:30 p.m. UK time) on 21 August 2012 (or 48 hours before any adjournment of the Special Meeting).**

Copies of this document will be available, free of charge, until 23 August 2012 at the Company's headquarters at 125 Elm Street, New Canaan, Connecticut, 06840, United States of America during normal business hours (Saturday, Sundays and public holidays excepted) and can be downloaded from the Company's website at [www.shariahcap.com](http://www.shariahcap.com).

This document contains forward-looking statements with respect to the Company and the proposals set out in this document. These statements involve known and unknown risks and uncertainties as they relate to and depend on circumstances that occur in the future. Actual results may differ materially from those expressed in the forward-looking statements. None of the financial information contained in this document has been audited.

## TABLE OF CONTENTS

Expected timetable of principal events	Page 2
Definitions	Page 3
Letter from Chairman and Chief Executive Officer	Pages 5-9
Notice of Special Meeting	Page 10

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Despatch of this document and Form of Proxy	6 August 2012
Latest time and date for receipt of Forms of Proxy	11:30 a.m. on 21 August 2012
Special Meeting	11:30 a.m. on 23 August 2012
Last day of dealings in Common Shares on AIM	4 September 2012
Cancellation takes effect	7:00 a.m. (UK time) on 5 September 2012

**Notes:**

- (1) If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by an announcement through a regulatory information service which is approved by the London Stock Exchange plc.
- (2) All references in this document are to US Eastern Daylight Time unless otherwise stated.
- (3) The Cancellation requires the approval of not less than 75% of the votes cast by Shareholders at the Special Meeting.

## DEFINITIONS

The following definitions apply throughout this document and the Form of Proxy unless the context requires otherwise:

“Admission”	the admission of the Common Shares to trading on AIM;
“AIM”	the AIM market operated by the London Stock Exchange;
“AIM Rules”	the AIM Rules for Companies published by the London Stock Exchange from time to time;
“Board” or “Directors”	the board of directors of the Company whose names and offices are set out on page 5 of this document;
“Business Day”	means a day other than a day which is a Saturday, a Sunday or public holiday in England;
“Cancellation”	the proposed cancellation of admission of the Common Shares to trading on AIM;
“Circular”	this document;
“Common Shares”	shares of common stock with a par value of \$0.01 each in the capital of the Company;
“Company”	Shariah Capital, Inc., a company incorporated under the laws of the State of Delaware, United States of America and whose headquarters is at 125 Elm Street, New Canaan, Connecticut, 06840;
“Form of Proxy”	the form of proxy enclosed with this document for use by Shareholders in connection with the Special Meeting;
“Special Meeting”	the general meeting of the Company convened for 11:30 a.m. (4:30 p.m. UK time) on 23 August 2012 (or any adjournment thereof), notice of which is set out at the end of this document;
“London Stock Exchange”	London Stock Exchange plc;
“Notice”	the notice of Special Meeting set out at the end of this document;

“Resolution” the resolution to be proposed at the Special Meeting as set out in the Notice; and

“Shareholders” holders of Common Shares and the term “Shareholder” shall mean any one of them.

## LETTER FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

### SHARIAH CAPITAL, INC.

(Incorporated under the laws of the State of Delaware, United States of America)

Directors:  
Eric Meyer (Chairman & Chief Executive Officer)  
Steven Adelkoff (Finance Director & General Counsel)  
Mohammad Jamjoum (Non-Executive Director)

Headquarters:  
125 Elm Street  
New Canaan  
Connecticut, 06840  
United States of America

6 August 2012

Dear Shareholder

#### **PROPOSED CANCELLATION OF ADMISSION TO TRADING ON AIM OF THE COMMON SHARES AND NOTICE OF SPECIAL MEETING**

##### **1. Introduction**

The Company announces today that the Board has resolved to seek Shareholder approval for the cancellation of admission to trading on AIM of the Common Shares.

The purpose of this letter is to explain: (i) the background to, and the reasons for, the Cancellation; (ii) why the Directors unanimously consider the Cancellation to be in the best interests of the Company and its shareholders; and (iii) why Eric Meyer (Chairman and Chief Executive Officer of the Company) has irrevocably undertaken to vote in favour of the Cancellation in respect of his direct and beneficial interests in the Common Shares representing 76.95% of all the Common Shares in issue at the date of this document. The notice of the Special Meeting is set out at the end of this document and seeks your approval to the Resolution.

Your attention is drawn to paragraph 9 below which contains a unanimous recommendation from the Directors that you vote in favour of the Cancellation.

##### **2. Background to the Cancellation**

The principal reasons for Admission have been (amongst others) to provide Shareholders and potential Shareholders of the Company with a liquid market to buy and sell the Company's Common Shares, to provide the Company with the ability to access the capital

markets to fund business opportunities, and to use its Common Shares as consideration for acquisitions. The Company has been reviewing both the advantages and disadvantages of maintaining Admission and the Directors believe that it no longer sufficiently provides the Company with its principal reasons for Admission. The Directors have therefore, following careful consideration, concluded that it is no longer in the best interests of the Company or its Shareholders for the Company to maintain Admission. In reaching this conclusion the Directors have taken the following key factors into account:

- (a) in the Directors' opinion, the AIM quotation has not provided the Company's shareholders with a liquid, or even semi-liquid, market for its Common Shares;
- (b) given the overall market conditions for small quoted companies, the Directors are of the opinion that it is (and will continue to be) difficult and uneconomic for the Company to attract meaningful equity investment, or other form of investments, through Admission;
- (c) Admission has not, in itself, offered investors the opportunity to trade in meaningful volumes or with frequency within an active market. With almost no trading volume, the Company's share price is very inactive and can move up or down significantly following trades of small numbers of Common Shares;
- (d) the Directors estimate that the annual direct, and indirect, costs of Admission are at least US\$300,000 per annum. This estimate includes listing expenses and advisory, legal, insurance, compliance, and audit fees. The Board considers these costs to be too high in relation to the current benefits of Admission and the Directors believe that these expenses could be better re-directed in running the business in a private capacity; and
- (e) the increasing, and now dramatic, amount of senior executive time which is spent in relation to the regulatory and compliance requirement (and restrictions) associated with maintaining a public quotation is disproportionate to the benefit to the Company of maintaining Admission.

Pursuant to Rule 41 of the AIM Rules, cancellation of the admission of the Common Shares to trading on AIM requires the consent of not less than 75% of votes cast by Shareholders (in person or by proxy) given at a general meeting. In addition, a period of at least five Business Days following the Shareholder approval of the Cancellation is required before the Cancellation may be put into effect.

The Company's nominated adviser and broker, Allenby Capital Limited, has notified the London Stock Exchange of the proposed Cancellation. In the event that Shareholders approve the Cancellation it is anticipated that the last day of dealings in the Common Shares on AIM will be 4 September 2012 and that the effective date of Cancellation will be 5 September 2012.

### **3. Current trading and prospects**

On 28 June 2012 the Company announced its year end results and noted the challenging and difficult market for alternative funds in the Gulf region. It also gave an indication to Shareholders that a possible Cancellation was an option being considered by the Board. Since this announcement the business environment has materially worsened for the Gulf region, stock markets globally, commodities, and the DSAM Kauthar Funds, which the Company manages through its joint venture with the Dubai Multi Commodities Centre Authority.

As a result the Company wishes to be even more prudent to cut costs and reduce ongoing operating expenses and the Directors believe the Cancellation is an immediate way of implementing this strategy. The Company intends to protect its cash position (which as at 31 July 2012 stood at approximately US\$4.1 million) as it attempts to wait out the current financial uncertainties, preserves its Shariah franchise, and looks for new business opportunities. This may include opportunities outside of its Shariah operations which the Board believes will become increasingly prevalent should, as the Board expects, market conditions continue to stay the same or worsen.

Following Cancellation the Company intends to follow a course of action contemplated in the outlook of the 28 June 2012 year end results announcement. While the Company will look to maintain and protect its Shariah business through the ongoing tumultuous challenges of the Gulf it is unlikely it will continue to do so if its Shariah business cannot achieve profitability. The Company will therefore seek to, concurrent with its Shariah initiatives, expand its business interests beyond Shariah and its Gulf relationships. Benefiting from a strong and liquid balance sheet the Company intends to utilize this asset to expand into areas of historical expertise of the Company's management team. This may include forming an investment fund in which the Company would invest in publicly trade securities or in early stage angel/venture investing and/or making direct investments into either publicly traded securities or private companies.

### **4. Process for Cancellation**

In accordance with Rule 41 of the AIM Rules, the Company has notified the London Stock Exchange of the intention of Cancellation, (subject to Shareholder approval), giving twenty business days notice. Under the AIM Rules, it is a requirement that the Cancellation is approved by not less than 75% of votes cast by Shareholders at the Special Meeting. Accordingly, the Resolution sent out in the notice of Special Meeting on page 10 of this document seeks Shareholder approval for Cancellation. Subject to the Resolution approving the Cancellation being passed at the Special Meeting, it is anticipated that trading in the Common Shares on AIM will cease at the close of business on 4 September 2012 with Cancellation taking effect at 7:00 a.m. UK time on 5 September 2012.

Upon the Cancellation becoming effective, Allenby Capital Limited will cease to be nominated adviser to the Company and the Company will no longer be required to comply with the rules and corporate governance requirements to which companies admitted to trading on AIM are subject, including the AIM Rules.

## **5. Irrevocable undertakings**

Eric Meyer (the Company's Chairman and Chief Executive Officer) and certain of his family trusts have each irrevocably undertaken to exercise the voting rights in favour of the Resolution to be proposed at the Special Meeting in respect to their respective interests which total 46,153,635 Common Shares out of the 59,975,832 Common Shares held by Shareholders (which represents approximately 76.95% of the total voting rights in the Company).

## **6. Principle effects of Cancellation**

Following Cancellation, the Common Shares will not be traded on any public market. There can be no guarantee that a Shareholder will be able to purchase or sell any Common Shares following Cancellation.

Although the Common Shares will remain transferable (subject to applicable securities and other laws) they will cease to be transferable through AIM or through any stock exchange. No price will be publicly quoted for the Common Shares.

**There can be no assurance that a shareholder would be able to purchase or sell any Common Shares following the proposed Cancellation.**

The Company will not be subject to the AIM Rules and, accordingly, it will not (amongst other things) be required to retain a nominated adviser to comply with the requirements of AIM in relation to, inter alia, annual accounts and half-yearly reports, the disclosure of price sensitive information or the disclosure of information on corporate transactions. The Company would no longer be required to comply with any of the additional specific corporate governance requirements for companies admitted to trading on AIM. Shareholders will no longer be able to vote on certain matters as provided in the AIM Rules.

It is the current intention of the Board to maintain an appropriate level of corporate governance following Cancellation. The Company intends to continue to maintain a website at [www.shariahcap.com](http://www.shariahcap.com) for the foreseeable future.

## **7. Dealing and settlement arrangements**

The Company is not intending to put in place a matched bargaining facility for Shareholders following Cancellation, however, the Directors are aware that Shareholders may wish to



dispose of their Common Shares in the Company following Cancellation. Accordingly, the Company is presently considering offering to Shareholders, other than Eric Meyer and his family trusts, a buyout of their Common Shares following Cancellation at a time to be determined. The terms of such buyout have not yet been set by the Company, and there can be no assurance that any such buyout offer will be made by the Company to its Shareholders.

**If Shareholders wish to buy or sell Common Shares on AIM they must do so prior to Cancellation becoming effective. As noted above, on the Shareholders approval of Cancellation, it is anticipated that the last day of dealing in the Common Shares on AIM will be 4 September 2012 and that the effective date of Cancellation will be 5 September 2012.**

#### **8. Special Meeting and action to be taken**

Set out at the end of this document is a notice of Special Meeting which is to be held at 125 Elm Street, New Canaan CT at 11:30 a.m. on 23 August 2012. The Form of Proxy should be completed and returned in accordance with the instructions printed thereon so as to arrive at the Company's headquarters at 125 Elm Street, New Canaan, Connecticut 06840 as soon as possible and no later than 11:30 a.m. New York Time on 21 August 2012. Completion and return of the Form of Proxy will not prevent Shareholders from attending and voting at the Special Meeting should they so wish.

#### **9. Recommendation**

**For the reasons set out above, the Directors believe that the Cancellation is in the best interests of the Company and of Shareholders as a whole. Accordingly, the Directors unanimously recommend Shareholders to vote in favour of the Resolution approving the Cancellation.**

Yours faithfully,

Eric Meyer  
Chairman and Chief Executive Officer

## **Shariah Capital, Inc.**

### **Notice of Special Meeting**

NOTICE IS HEREBY GIVEN that a special meeting of the Company will be held at 125 Elm Street, New Canaan CT, at 11:30 AM on 23 August 2012 for the purpose of considering and passing the following resolution:

#### **SPECIAL RESOLUTION**

THAT the admission of the Company's Common shares of 0.01 cents each to trading on the AIM market of the London Stock Exchange Plc be cancelled (the "Cancellation") and that the directors of the Company be and are hereby authorized to take all steps which are necessary or desirable in order to effect the Cancellation.

By Order of the Board

Steven Adelkoff  
General Counsel

6 August 2012

#### Notes

1. Cancellation requires the approval of not less than 75% of the votes cast by Shareholders at the Special Meeting in person or by proxy. Eric Meyer and certain of his family trusts own 46,153,635 Common Shares, representing approximately 76.95% of the Common Shares held by Shareholders, and have irrevocably undertaken to exercise their voting rights in favour of the Resolution to be proposed at the Special Meeting.
2. Entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the register of Shareholders of the Company at 3 August 2012. Changes to entries on the Register after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.
3. The Form of Proxy, if used, must be lodged at the offices of the Company at 125 Elm Street, New Canaan CT, 06840 not less than 48 hours before the time fixed for holding the meeting.
4. As of 3 August 2012 (being the last Business Day before the publication of this Notice), the Company's issued share capital consisted of 60,344,132 shares of common stock with a par value of \$0.01 each and carrying one vote each. 368,300 of the Common Shares are held by the Company in treasury and therefore the total voting rights in the Company as at the date of this notice are 59,975,832.
5. Except as provided above, Shareholders who have general queries about the Special Meeting should contact the Company directly via email or via phone.

Name of Shareholder:  
Number of Shares at Record Date:

Shariah Capital, Inc.

PROXY

Before completing this form, please read the explanatory notes below.

The undersigned hereby appoints Mr. Steven Adolkoff, Finance Director and General Counsel of Shariah Capital, Inc. or \_\_\_\_\_ as his/her/it proxy to attend, represent and vote on behalf of the undersigned all the Common Shares of the Company which the undersigned is entitled to vote at the Special Meeting of Shareholders (the "GM") to be held at the office of the Company, located at 125 Elm Street, New Canaan, CT 06840 on 23 August 2012 at 11:30 a.m.

PLEASE SIGN, DATE AND RETURN PROMPTLY to 125 Elm Street, New Canaan, CT 06840. PLEASE MARK YOUR VOTE BELOW EITHER FOR, AGAINST, OR ABSTAIN.

The Resolution – To approve the application for cancellation of the Company’s shares to trade on AIM of the London Stock Exchange and the effecting of such cancellation.

For \_\_\_\_\_ Against \_\_\_\_\_ Abstain \_\_\_\_\_

The undersigned acknowledges receipt of the Notice of Special Meeting.

Signature(s) \_\_\_\_\_  
Date \_\_\_\_\_ 2012

NOTES;

1. To be effective, a completed and signed proxy must be delivered to the Company by no later than 11:30 AM 48 hours prior to the Special Meeting.
2. If you wish to appoint a proxy other than Steven Adolkoff please indicate the name and address of the person who will represent you at the meeting.