

ISLAMIC FINANCIAL SECURITIES
COMPANY (Q.S.C)
DOHA - QATAR

INTERIM CONDENSED FINANCIAL
STATEMENTS
FOR THE SIX MONTH PERIOD
ENDED JUNE 30, 2008
TOGETHER WITH INDEPENDENT
AUDITOR'S REVIEW REPORT

ISLAMIC FINANCIAL SECURITIES COMPANY (Q.S.C)

DOHA - QATAR

JUNE 30, 2008

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INDEPENDENT AUDITOR'S REVIEW REPORT

To The Board of Directors

Islamic Financial Securities Company (Q.S.C)

Doha - Qatar

Introduction

We have reviewed the accompanying interim condensed balance sheet of **Islamic Financial Securities Company (Q.S.C)** (the "Company") as at June 30, 2008, and the related interim statement of income for the three months and six months period then ended and the related statements of changes in shareholders' equity and cash flows for the six month period then ended, and a summary of selected explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed financial statements in accordance with **International Accounting Standard No. (34) "Interim Financial Reporting"**. Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

The interim condensed financial statements for the six month period ended June 30, 2007 and the financial statements for the year ended December 31, 2007 respectively, were reviewed and audited by another auditor whose reports dated July 21, 2007 and February 4, 2008, respectively, expressed an unqualified opinion on those statements

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with **International Accounting Standard No. (34), “Interim Financial Reporting”**.

For **Deloitte & Touche**

Doha - Qatar
July 11, 2008

Muhammad O. Bahemia
License No. 103

ISLAMIC FINANCIAL SECURITIES COMPANY (Q.S.C)
DOHA - QATAR

INTERIM BALANCE SHEET
AS OF JUNE 30, 2008

<u>ASSETS:</u>	Note	June 30, 2008 <u>(Reviewed)</u> QR.	December 31, 2007 <u>(Audited)</u> QR.
<u>Current Assets:</u>			
Cash and bank balances	3	449,940,260	244,248,302
Due from customers	4	35,345,492	4,761,560
Prepayments and other debit balances		4,672,034	4,070,877
		-----	-----
Total Current Assets		489,957,786	253,080,739
		-----	-----
<u>Non-Current Assets:</u>			
Property and equipment		3,468,590	4,154,577
Available-for-sale investments		7,765,808	3,207,495
		-----	-----
Total Non-Current Assets		11,234,398	7,362,072
		-----	-----
Total Assets		501,192,184	260,442,811
		=====	=====
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
<u>LIABILITIES</u>			
<u>Current Liabilities:</u>			
Due to customers	5	256,025,444	220,152,577
Due to related party	6	200,300,000	--
Accruals and other credit balances		811,428	1,379,291
		-----	-----
Total Current Liabilities		457,136,872	221,531,868
		-----	-----
<u>Non-Current Liabilities:</u>			
Employees' end of service benefits		447,793	371,166
		-----	-----
Total Liabilities		457,584,665	221,903,034
		-----	-----
<u>SHAREHOLDERS' EQUITY</u>			
Paid up share capital (50%)	7	20,000,000	20,000,000
Legal reserve		5,498,488	5,498,488
Fair value reserve		2,465,719	1,046,892
Retained earnings		15,643,312	11,994,397
		-----	-----
Total Shareholders' Equity		43,607,519	38,539,777
		-----	-----
Total Liabilities and Shareholders' Equity		501,192,184	260,442,811
		=====	=====

ISLAMIC FINANCIAL SECURITIES COMPANY (Q.S.C)
DOHA - QATAR

INTERIM STATEMENT OF INCOME
FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2008

		<u>For the Three</u>		<u>For the Six</u>	
		<u>Month Period Ended</u>		<u>Month Period Ended</u>	
<u>Revenue:</u>	Note	<u>June 30, 2008</u>	<u>June 30, 2007</u>	<u>June 30, 2008</u>	<u>June 30, 2007</u>
		QR.	QR.	QR.	QR.
Brokerage and commission income		19,068,169	5,899,042	28,968,818	9,173,439
Brokerage and commission expense		(7,454,970)	(1,705,628)	(10,672,138)	(2,619,991)
		-----	-----	-----	-----
Brokerage and Commission Income, Net		11,613,199	4,193,414	18,296,680	6,553,448
Income from bank deposits		2,154,087	963,740	2,934,960	1,552,385
Gain /(loss) on sale of available-for-sale investments		93,926	--	91,171	(1,405,955)
Investment income		--	--	108,682	--
Other income		93,983	14,214	228,143	175,380
		-----	-----	-----	-----
Net Operating Profit		13,955,195	5,171,368	21,659,636	6,875,258
<u>Expenses:</u>					
General and administrative expenses		(3,366,460)	(1,452,196)	(5,189,487)	(3,616,520)
Depreciation expense		(433,718)	(426,012)	(870,413)	(851,774)
Finance and bank charges		(86,290)	(44,085)	(150,821)	(57,569)
		-----	-----	-----	-----
Net Income for the Period		10,068,727	3,249,075	15,448,915	2,349,395
		=====	=====	=====	=====
Earnings per share (QR.)	8	2.52	1.63	3.86	1.17
		=====	=====	=====	=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED FINANCIAL STATEMENTS

ISLAMIC FINANCIAL SECURITIES COMPANY (QSC)
DOHA - QATAR

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2008

	Capital	Legal Reserves	Fair Value Reserve	Retained Earnings	Total
	----- QR.	----- QR.	----- QR.	----- QR.	----- QR.
Balance – January 1, 2007 – (Audited)	20,000,000	4,445,221	137,089	6,116,995	30,699,305
Net income for the period	--	--	--	2,349,395	2,349,395
Board of directors' remuneration paid	--	--	--	(402,000)	(402,000)
Net movement in revaluation reserve	--	--	437,041	--	437,041
Dividends paid for 2006	--	--	--	(3,200,000)	(3,200,000)
Balance - June 30, 2007 (Reviewed)	20,000,000	4,445,221	574,130	4,864,390	29,883,741
Balance – January 1, 2008 – (Audited)	20,000,000	5,498,488	1,046,892	11,994,397	38,539,777
Net income for the period	--	--	--	15,448,915	15,448,915
Net movement in revaluation reserve	--	--	1,418,827	--	1,418,827
Dividends paid for 2007	--	--	--	(11,800,000)	(11,800,000)
Balance - June 30, 2008 (Reviewed)	20,000,000	5,498,488	2,465,719	15,643,312	43,607,519

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED FINANCIAL STATEMENTS

ISLAMIC FINANCIAL SECURITIES COMPANY (QSC)
DOHA - QATAR

INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2008

	For the Six	
	Month Period Ended	
	<u>June 30, 2008</u>	<u>June 30, 2007</u>
	QR.	QR.
<u>Cash Flows from Operating Activities:</u>		
Net income for the period	15,448,915	2,349,395
Adjustments for:		
Depreciation expense	870,413	851,774
Finance and bank charges	150,821	57,569
Employees' end of service benefits	94,208	83,221
(Gain)/loss from sale of available for sale investments	(91,171)	1,405,955
	-----	-----
	16,473,186	4,747,914
Due from customers, prepayment and other debit balances	(31,185,089)	(2,633,444)
Due to customers, due to related parties, accruals and other credit balances	235,605,004	(79,058,745)
	-----	-----
Cash Flow from (used in) Operating Activities	220,893,101	(76,944,275)
Finance and bank charges paid	(150,821)	(57,569)
Employees' end of service benefits paid	(17,581)	--
	-----	-----
Net Cash Flow from (used in) Operating Activities	220,724,699	(77,001,844)
	-----	-----
<u>Cash Flows from Investing Activities:</u>		
Purchase of furniture and equipment	(184,426)	(44,425)
Purchase of available for sale investments	(4,178,962)	(871,369)
Sale of available for sale investments	1,130,647	4,855,857
	-----	-----
Net Cash (used in) from Investing Activities	(3,232,741)	3,940,063
	-----	-----

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED FINANCIAL STATEMENTS

ISLAMIC FINANCIAL SECURITIES COMPANY (Q.S.C)
DOHA - QATAR

INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2008

	For the Six	
	Month Period Ended	
	June 30, 2008	June 30, 2007
	<u>(Reviewed)</u>	<u>(Reviewed)</u>
	QR.	QR.
<u>Cash Flows from Financing Activities:</u>		
Dividends paid	(11,800,000)	(3,200,000)
Board of Directors remuneration paid	--	(402,000)
	-----	-----
Net Cash used in Financing Activities	(11,800,000)	(3,602,000)
	-----	-----
Net increase / (decrease) in cash and bank balances	205,691,958	(76,663,781)
Cash and bank balances – Beginning of the period	244,248,302	168,187,038
	-----	-----
Cash and bank balances - End of the Period	449,940,260	91,523,257
	=====	=====

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE INTERIM CONDENSED FINANCIAL STATEMENTS

ISLAMIC FINANCIAL SECURITIES COMPANY (Q.S.C)
DOHA – QATAR

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2008

1. General information:

Islamic Financial Securities Company (Q.S.C) (the “Company”), a Qatari Public Shareholding Company, is registered and incorporated in Qatar and engaged in the activity of trading as brokers in the Doha Securities Market. The Company is registered in the Commercial Register under No. 26337. The Company commenced its operations on June 15, 2003.

On September 22, 2006, the Board of Directors resolved to transform the Company to a Public Qatari Shareholding Company. The Company obtained the approval of the Ministry of Economy & Commerce on December 26, 2006 and its legal structure was changed from closed to Public Shareholding Company on that date. The shares of the Company were listed in Doha Securities Market on March 3, 2008.

2. Accounting Policies:

These interim condensed financial statements are prepared in accordance with IAS 34 “Interim Financial Reporting”. The accounting policies used in the preparation of these interim condensed financial statements are consistent with those used in the annual financial statements for the year ended December 31, 2007 and should be read in conjunction with the 2007 annual financial statements and the notes attached thereto, except for the adoption of certain revised new standards and interpretations which are effective as of January 1, 2008. Adoption of these standards and interpretation did not have any effect on the financial position nor performance of the Company.

The interim condensed financial statements are prepared under the historical cost convention except for investments and derivative financial instruments which are carried at fair value.

The interim condensed financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards. In addition, results for the six month ended June 30, 2008 are not necessarily indicative of the results that may be expected for the financial year ending December 31, 2008.

3. Cash and Bank Balances:

	June 30, 2008 (Reviewed) QR.	December 31, 2007 (Audited) QR.
Current accounts	35,140,135	86,349,855
Saving accounts	414,800,125	157,898,447
	-----	-----
Total	449,940,260	244,248,302
	=====	=====

4. Due from Customers:

Included in due from customers is a balance of QR 30,992,498 relating to a foreign broker which is guaranteed on international bank.

5. Due to Customers:

	June 30, 2008 (Reviewed) QR.	December 31, 2007 (Audited) QR.
Customers' funds	167,786,624	200,176,681
Unpresented cheques	88,238,820	19,975,896
Total	256,025,444	220,152,577

* Customers' funds represent amounts deposited by customers against trading transactions performed by them.

** Unpresented cheques represent cheques issued in favour of customers as a result of trading transactions. As of the balance sheet date, these cheques were not presented for clearing.

6. Due to Related Party:

During the period, the Company entered into a Mudaraba agreement with Qatar International Islamic Bank (the "Bank"), whereby the Company invests an amount of 200 million Qatari Riyals on behalf of the bank related for a share of 4.5% of the Mudaraba investment income.

7. Share Capital:

	June 30, 2008 (Reviewed) QR.	December 31, 2007 (Audited) QR.
Authorised:		
4,000,000 shares at QR. 10 each	40,000,000	40,000,000
Issued and paid-up	20,000,000	20,000,000

8. Earnings per Share:

Earnings per share are calculated by dividing the net income for the period over the weighted average number of ordinary shares outstanding during the period as follows:

	<u>For the Three</u> <u>Month Period Ended</u>		<u>For the Six</u> <u>Month Period Ended</u>	
	<u>June 30,</u> <u>2008</u> <u>(Reviewed)</u>	<u>June 30,</u> <u>2007</u> <u>(Reviewed)</u>	<u>June 30,</u> <u>2008</u> <u>(Reviewed)</u>	<u>June 30, 2007</u> <u>(Reviewed)</u>
Net income for the period (QR)	10,068,727	3,249,075	15,448,915	2,349,395
Weighted average number of shares	4,000,000	2,000,000	4,000,000	2,000,000
	-----	-----	-----	-----
Earnings per share (QR)	2.52	1.63	3.86	1.17
	=====	=====	=====	=====

9. Contingent Liabilities:

	<u>June 30, 2008</u> <u>(Reviewed)</u> QR.	<u>December 31, 2007</u> <u>(Reviewed)</u> QR.
Letters of guarantee	292,500,000	92,500,000
	=====	=====

10. Related Party Transactions:

These represent transactions with related parties, such as the major shareholders, senior management of the Company and the companies of which they are the principal owners.

During the period, related parties transactions were as follows:

	<u>June 30, 2008</u> <u>(Reviewed)</u> QR.	<u>June 30, 2007</u> <u>(Reviewed)</u> QR.
Brokerage and commission income, net	2,465,273	442,279
	=====	=====

11. Key Management Remuneration:

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

	<u>June 30, 2008</u> <u>(Reviewed)</u> QR.	<u>June 30, 2007</u> <u>(Reviewed)</u> QR.
Salaries and other benefits	96,000 =====	133,000 =====

12. Comparative Figures:

Certain figures for the prior period have been reclassified to conform to the current period's presentation.