

**ISLAMIC HOLDING GROUP (Q.S.C.)
(FORMERLY “ISLAMIC FINANCIAL
SECURITIES COMPANY (Q.S.C.)”)
DOHA - QATAR**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR’S REVIEW REPORT
FOR THE SIX MONTH PERIOD ENDED
JUNE 30, 2011**

ING GROUP (Q.S.C.)
(FORMERLY “ISLAMIC FINANCIAL SECURITIES COMPANY (Q.S.C.)”)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
WITH THE INDEPENDENT AUDITOR’S REVIEW REPORT

For the six month period ended June 30, 2011

Independent auditor’s review report --

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Shareholders
Islamic Holding Group (Q.S.C)
Doha – Qatar

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Islamic Holding Group (Q.S.C.) "the Group", which comprise the interim condensed consolidated statement of financial position as of June 30, 2011 and the related interim condensed consolidated statements of income and comprehensive income for the three and six month periods then ended, the interim condensed consolidated statements of changes in shareholders' equity and cash flows for the six month period then ended, and selected explanatory notes. Management is responsible for the preparation and fair presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard: IAS 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

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.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated 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 24, 2011

Midhat Salha
License No. 257

GROUP (Q.S.C.)

(FORMERLY "ISLAMIC FINANCIAL SECURITIES COMPANY (Q.S.C.)")

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2011

	Note	June 30, 2011 (Reviewed) QR.	December 31, 2010 (Audited) QR.
ASSETS			
Current Assets			
Cash and bank balances	4	1,134,681,053	35,112,839
Bank balances – customers’ funds	5	137,424,075	125,534,690
Due from customers		2,490,011	4,187,834
Prepayments and other assets	6	6,591,273	3,479,159
Total Current Assets		1,281,186,412	168,314,522
Non-Current Assets:			
Available-for-sale investments		3,420,042	2,787,882
Property and equipment		2,334,962	2,441,593
Total Non-Current Assets		5,755,004	5,229,475
Total Assets		1,286,941,416	173,543,997
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Current Liabilities			
Due to customers	7	140,956,209	127,849,658
Due to a related party from Wakala contracts	8	1,100,000,000	--
Accruals and other credit balances		3,732,404	2,549,063
Total Current Liabilities		1,244,688,613	130,398,721
Non-Current Liabilities			
Employees' end of service benefits		798,642	744,452
Total liabilities		1,245,487,255	131,143,173
Shareholders' Equity			
Paid up share capital	9	30,000,000	30,000,000
Legal reserve		8,228,426	8,228,426
Retained earnings		3,299,367	163,848
Fair value reserve		(73,632)	8,550
Proposed dividends		--	4,000,000
Total Shareholders' Equity		41,454,161	42,400,824
Total Liabilities and Shareholders' Equity		1,286,941,416	173,543,997

Dr. Khaled Bin Thani Bin Abdulla Al Thani
Chairman

Abdulbasit Ahmad Al-Sheibi
Managing Director

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

JP (Q.S.C.)

(FORMERLY “ISLAMIC FINANCIAL SECURITIES COMPANY (Q.S.C.)”)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME

For the three and six month period ended June 30, 2011

	Note	For the three month period ended		For the six month period ended	
		June 30, 2011 (Reviewed)	June 30, 2010 (Reviewed)	June 30, 2011 (Reviewed)	June 30, 2010 (Reviewed)
		QR.	QR.	QR.	QR.
Revenue					
Brokerage and commission income		3,860,705	5,213,238	9,170,082	8,192,284
Brokerage and commission expense		(1,084,507)	(1,416,767)	(2,591,970)	(2,182,530)
Brokerage and commission income, net		2,776,198	3,796,471	6,578,112	6,009,754
Income from saving accounts with Islamic banks		709,568	662,461	1,292,776	1,273,537
Gain on sale of available of sale investments		--	13,548	200,484	13,548
Impairment loss on available for sale investments		--	--	--	(5,260)
Income from Wakala - Mudaraba contracts		320,000	66,500	320,000	285,000
Other income		2,035	92,746	10,575	200,519
Net operating profit		3,807,801	4,631,726	8,401,947	7,777,098
Expenses					
General and administrative expenses		(2,437,682)	(2,192,612)	(4,703,884)	(4,199,146)
Depreciation expense		(227,754)	(269,646)	(446,734)	(580,602)
Finance and bank charges		(58,179)	(32,752)	(115,810)	(71,364)
Total expenses		(2,723,615)	(2,495,010)	(5,266,428)	(4,851,112)
Net income for the period		1,084,186	2,136,716	3,135,519	2,925,986
Earnings per share	10	0.27	0.53	0.78	0.73

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

GROUP (Q.S.C.)
(FORMERLY “ISLAMIC FINANCIAL SECURITIES COMPANY (Q.S.C.)”)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the three and six month period ended June 30, 2011

	For the three month period ended		For the six month period ended	
	June 30, 2011 (Reviewed)	June 30, 2010 (Reviewed)	June 30, 2011 (Reviewed)	June 30, 2010 (Reviewed)
	QR.	QR.		
Net income for the period	1,084,186	2,136,716	3,135,519	2,925,986
Other comprehensive income				
Fair value gain / (loss) on available for sale investments	21,034	(49,050)	(82,182)	(55,090)
Total comprehensive income for the period	1,105,220	2,087,666	3,053,337	2,870,896

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

**ISLAMIC HOLDING GROUP (Q.S.C.)
(FORMERLY “ISLAMIC FINANCIAL SECURITIES COMPANY (Q.S.C.)”)**

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY

For the six month period ended June 30, 2011

	Paid up Share Capital	Legal Reserve	Retained Earnings	Fair Value Reserve	Proposed Dividends	Total
	QR.	QR.	QR.	QR.	QR.	QR.
Balance – January 1, 2010 (Audited)	30,000,000	7,828,418	563,772	186,329	4,000,000	42,578,519
Total comprehensive income for the period	--	--	2,925,986	(55,090)	--	2,870,896
Dividends paid	--	--	--	--	(4,000,000)	(4,000,000)
Balance - June 30, 2010 (Reviewed)	30,000,000	7,828,418	3,489,758	131,239	--	41,449,415
Balance – January 1, 2011 (Audited)	30,000,000	8,228,426	163,848	8,550	4,000,000	42,400,824
Total comprehensive income for the period	--	--	3,135,519	(82,182)	--	3,053,337
Dividends paid	--	--	--	--	(4,000,000)	(4,000,000)
Balance - June 30, 2011 (Reviewed)	30,000,000	8,228,426	3,299,367	(73,632)	--	41,454,161

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

GROUP (Q.S.C.)
(FORMERLY “ISLAMIC FINANCIAL SECURITIES COMPANY (Q.S.C.)”)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six month period ended June 30, 2011

	For the six month period ended	
	June 30, 2011	June 30, 2010
	(Reviewed)	(Reviewed)
	QR.	QR.
OPERATING ACTIVITIES		
Net income for the period	3,135,519	2,925,986
Adjustments for:		
Depreciation expense	446,734	580,602
Finance and bank charges	115,810	71,364
Income from saving accounts with Islamic banks	(1,292,776)	(1,273,537)
Income from Wakala - Mudaraba contracts	320,000	285,000
Impairment losses on available for sale investments	--	5,260
Gain on sale of available for sale investments	(200,484)	(13,548)
Income from Wakala - Mudaraba contracts	(320,000)	(285,000)
Income from saving accounts with Islamic banks	1,292,776	1,273,537
Loss on sale property and equipment	--	424
Provision for employees’ end of service benefits	54,190	77,877
	1,938,993	2,089,428
Bank balances – customers’ funds	(11,889,385)	(26,586,220)
Due from customers	1,697,823	(800,493)
Prepayments and other assets	(3,112,114)	8,769,099
Due to customers	13,106,551	13,716,988
Due to a related party from Wakala contracts	1,100,000,000	--
Accruals and other credit balances	1,183,341	(11,884,265)
	1,102,925,209	(14,695,463)
Employees’ end of service benefits paid	--	(32,477)
Net Cash from / (used in) Operating Activities	1,102,925,209	(14,727,940)
INVESTING ACTIVITIES		
Purchases of property and equipment	(340,103)	(291,402)
Purchases of available for sale investments	(5,509,466)	--
Proceeds from sale of available for sale investments	4,995,608	167,550
Net Cash from Investing Activities	758,815	1,434,685

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 CONSOLIDATED FINANCIAL STATEMENTS

GROUP (Q.S.C.)
(FORMERLY “ISLAMIC FINANCIAL SECURITIES COMPANY (Q.S.C.)”)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the six month period ended June 30, 2011

	<u>For the six month period ended</u>	
	June 30, 2011	June 30, 2010
Note	(Reviewed)	(Reviewed)
	QR.	QR.
FINANCING ACTIVITIES		
Finance and bank charges	(115,810)	(71,364)
Dividends paid	(4,000,000)	(4,000,000)
Fixed deposits	(1,100,000,000)	--
Net Cash used in Financing Activities	(1,104,115,810)	(4,071,364)
Net decrease in cash and bank balances	(431,786)	(17,364,619)
Cash and bank balances – beginning of the period	35,112,839	60,050,950
Cash and bank balances - End of the Period	34,681,053	42,686,331

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

ISLAMIC HOLDING GROUP (Q.S.C.)
(FORMERLY "ISLAMIC FINANCIAL SECURITIES COMPANY (Q.S.C.)")

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six month period ended June 30, 2011

1. GENERAL INFORMATION

Islamic Financial Securities Company was established as a Qatari Private shareholding Company and registered in the Commercial Registration under No. 26337. The main activities of the Company are investing in shares and bonds, brokerage services in Qatar Exchange according to the Islamic Sharea'a. The Company works according to the Qatar Commercial Companies' Law No. 5 of 2002 and Qatar Exchange Regulations.

The Board of Directors in its meeting held on September 22, 2006 decided to change the status of the Company to a Qatari Public Shareholding Company after approval of the Ministry of Economy and Trade on December 26, 2006. The Company shares were listed in Qatar Exchange on March 3, 2008.

The Shareholders in their General Assembly meeting held on December 28, 2008 and based on the Board of Directors resolution in its meeting held on August 22, 2010, decided to change the Company's name and legal structure from Islamic Financial Securities Company (Qatari Public Shareholding Company) to Islamic Holding Group (Qatari Public Shareholding Company-Holding) (the "Company"). The change was made in accordance with the approval of the Financial Market Authority and the approval of Ministry of Economy and Trade on July 19, 2010.

These consolidated financial statements include the financial statements of the Company and its subsidiary company "Islamic Financial Securities Company" (hereinafter "the Group"). Islamic Financial Securities Company (the subsidiary company) was registered in the State of Qatar under Commercial Registration No. 46645 as a one Shareholder Company on July 19, 2010. It is fully owned by the Islamic Holding Group (Q.S.C.). The subsidiary company provides brokerage services.

The main activities of the Group is investing in shares and bonds, brokerage services through its subsidiary company, investing and managing subsidiary companies, ownership of patents and royalties.

These interim condensed consolidated financial statements were approved by the Board of Directors on, 2011.

ING GROUP (Q.S.C.)
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six month period ended June 30, 2011

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, 2010, except for the adoption of certain revised / new standards and interpretations which are effective as of January 1, 2011. The adoption of these standards and interpretations had no significant effect on the financial statements other than certain presentation and disclosure changes. These interim condensed financial statements should be read in conjunction with the 2010 annual financial statements and notes attached thereto.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards. In addition, the results for the six month period ended June 30, 2011 are not necessarily indicative of the results that may be expected for the full financial year ending December 31, 2011.

3. SEGMENT INFORMATION

The Company operates in a main business segment that is cash and other investments and managing the subsidiaries. The subsidiary currently operates in one business segment, financial brokerage. The Group operates only in the State of Qatar.

4. CASH AND BANK BALANCES

	June 30, 2011	December 31, 2010
	(Reviewed)	(Audited)
	QR.	QR.
Current accounts	5,375,698	3,898
Saving accounts	29,305,355	35,108,941
Term deposit	1,100,000,000	--
Total	1,134,681,053	35,112,839

5. BANK BALANCES – CUSTOMERS’ FUNDS

This amount represents bank balances for the customers, which the Group holds in trust until the customers commit those funds to the purchase of shares following which the Group transfers the committed funds to the Group’s bank accounts and settles with the settlement authority.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 For the six month period ended June 30, 2011

6. PREPAYMENTS AND OTHER ASSETS

	June 30, 2011	December 31, 2010
	(Reviewed)	(Audited)
	QR.	QR.
Refundable deposits	2,000,250	2,000,250
Accrued revenues from deposits with Islamic banks	3,250,000	--
Prepaid expenses	1,341,023	1,478,909
Total	6,591,273	3,479,159

7. DUE TO CUSTOMERS

Represents amounts deposited by customers against trading transactions performed by them.

8. DUE TO A RELATED PARTY FROM WAKALA CONTRACTS

During the period, the Group entered into three Wakala agreements with a related party, Qatar International Islamic Bank (the “Bank”), whereby the Group invests a total amount of QR. 1,100,000,000 on behalf of the Bank. According to the agreements the Group will receive a fixed amount against the investment amounting to QR. 330,000.

9. SHARE CAPITAL

	June 30,	December 31,
	2011	2010
	(Reviewed)	(Audited)
	QR.	QR.
Authorized and issued share capital:		
4,000,000 shares with a value of QR.10 per share	40,000,000	40,000,000
Percentage of paid-up capital	75%	75%
Paid-up share capital (QR.)	30,000,000	30,000,000

ING GROUP (Q.S.C.)
(FORMERLY "ISLAMIC FINANCIAL SECURITIES COMPANY (Q.S.C.)")

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 For the six month period ended June 30, 2011

10. EARNINGS PER SHARE

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

	<u>For the three month period ended</u>		<u>For the six month period ended</u>	
	<u>June 30, 2011</u>	June 30, 2010	<u>June 30, 2011</u>	June 30, 2010
	<u>(Reviewed)</u>	(Reviewed)	<u>(Reviewed)</u>	(Reviewed)
Net income for the period (QR)	1,084,186	2,136,716	3,135,519	2,925,986
Weighted average number of shares	4,000,000	4,000,000	4,000,000	4,000,000
Earnings per share (QR)	0.27	0.53	0.78	0.73

11. RELATED PARTIES TRANSACTIONS

Related parties represent the shareholders, directors and key management personnel of the Group and companies controlled, jointly controlled or significantly influenced by those parties.

During the period, related parties transactions were as follows:

	<u>For the six month period ended</u>	
	<u>June 30, 2011</u>	June 30, 2010
	<u>(Reviewed)</u>	(Reviewed)
	QR.	QR.
Commission income, net	662,276	471,827
Income from Mudaraba contracts	320,000	285,000

12. KEY MANAGEMENT REMUNERATION

The remuneration of directors and other members of key management during the period were as follows:

	<u>For the six month period ended</u>	
	<u>June 30, 2011</u>	June 30, 2010
	<u>(Reviewed)</u>	(Reviewed)
	QR.	QR.
Short term benefits	258,000	96,000

ING GROUP (Q.S.C.)
(FORMERLY "ISLAMIC FINANCIAL SECURITIES COMPANY (Q.S.C.)")

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the six month period ended June 30, 2011

13. CONTINGENT LIABILITIES

	June 30, 2011 (Reviewed)	December 31, 2010 (Audited)
	<u>QR.</u>	<u>QR.</u>
Letters of guarantee	<u>1,185,000,000</u>	<u>60,000,000</u>