

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

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

ISLAMIC FINANCIAL SECURITIES COMPANY (O.S.C)

DOHA - QATAR

SEPTEMBER 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 balance sheet of **Islamic Financial Securities Company (Q.S.C)** (the "Company") as at September 30, 2008, the related interim statement of income for the three month and nine month periods then ended, the related statements of changes in shareholders' equity and cash flows for the nine 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 nine month period ended September 30, 2007 and the financial statements for the year ended December 31, 2007 were reviewed and audited by another auditor whose reports dated January 16, 2008 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.

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
October 8, 2008

Muhammad O. Bahemia
License No. 103

INTERIM BALANCE SHEET
AS OF SEPTEMBER 30, 2008

<u>ASSETS:</u>	Note	September 30, 2008 <u>(Reviewed)</u> QR.	December 31, 2007 <u>(Audited)</u> QR.
<u>Current Assets:</u>			
Cash and bank balances	3	424,497,013	244,248,302
Due from customers	4	29,009,662	4,761,560
Prepayments and other debit balances		3,422,126	4,070,877
		-----	-----
Total Current Assets		456,928,801	253,080,739
		-----	-----
<u>Non-Current Assets:</u>			
Property and equipment		3,043,509	4,154,577
Available-for-sale investments		9,432,730	3,207,495
		-----	-----
Total Non-Current Assets		12,476,239	7,362,072
		-----	-----
Total Assets		469,405,040	260,442,811
		=====	=====
<u>LIABILITIES AND SHAREHOLDERS' EQUITY:</u>			
<u>LIABILITIES</u>			
<u>Current Liabilities:</u>			
Due to customers	5	222,474,398	220,152,577
Due to related party	6	200,300,000	--
Accruals and other credit balances		797,576	1,379,291
		-----	-----
Total Current Liabilities		423,571,974	221,531,868
		-----	-----
<u>Non-Current Liabilities:</u>			
Employees' end of service benefits		476,608	371,166
		-----	-----
Total Liabilities		424,048,582	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		1,490,585	1,046,892
Retained earnings		18,367,385	11,994,397
		-----	-----
Total Shareholders' Equity		45,356,458	38,539,777
		-----	-----
Total Liabilities and Shareholders' Equity		469,405,040	260,442,811
		=====	=====

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 INCOME
FOR THE THREE MONTH AND NINE MONTH PERIODS ENDED SEPTEMBER 30, 2008

	<u>Note</u>	<u>For the Three</u> <u>Month Period Ended</u>		<u>For the Nine</u> <u>Month Period Ended</u>	
		<u>September 30,</u> <u>2008</u> <u>QR.</u>	<u>September 30,</u> <u>2007</u> <u>QR.</u>	<u>September 30,</u> <u>2008</u> <u>QR.</u>	<u>September 30,</u> <u>2007</u> <u>QR.</u>
<u>Revenue:</u>					
Brokerage and commission income		8,045,368	3,484,951	37,014,186	12,658,390
Brokerage and commission expense		(2,529,929)	(1,019,525)	(13,202,067)	(3,639,516)
		-----	-----	-----	-----
Brokerage and Commission Income, Net		5,515,439	2,465,426	23,812,119	9,018,874
Income from bank deposits		555,589	659,515	3,490,549	2,211,900
Gain (loss) on sale of available-for-sale investments		172,403	92,737	263,574	(1,313,218)
Investment income		80,000	--	188,682	--
Impairment losses on available for sale of investments		(1,089,020)	--	(1,089,020)	--
Other income		258,289	134,040	486,432	309,420
		-----	-----	-----	-----
Net Operating Profit		5,492,700	3,351,718	27,152,336	10,226,976
<u>Expenses:</u>					
General and administrative expenses		(2,152,980)	(1,451,279)	(7,342,467)	(5,067,799)
Depreciation expense		(429,081)	(425,163)	(1,299,494)	(1,276,937)
Finance and bank charges		(186,566)	(25,766)	(337,387)	(83,335)
		-----	-----	-----	-----
Net Income for the Period		2,724,073	1,449,510	18,172,988	3,798,905
		=====	=====	=====	=====
Earnings per share (QR.)	8	0.68	0.36	4.54	0.95
		=====	=====	=====	=====

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 NINE MONTH PERIOD ENDED SEPTEMBER 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	--	--	--	3,798,905	3,798,905
Board of directors' remuneration paid	--	--	--	(402,000)	(402,000)
Net movement in fair value reserve	--	--	717,981	--	717,981
Dividends paid for 2006	--	--	--	(3,200,000)	(3,200,000)
	-----	-----	-----	-----	-----
Balance - September 30, 2007 (Reviewed)	20,000,000	4,445,221	855,070	6,313,900	31,614,191
	=====	=====	=====	=====	=====
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	--	--	--	18,172,988	18,172,988
Net movement in fair value reserve	--	--	443,693	--	443,693
Dividends paid for 2007	--	--	--	(11,800,000)	(11,800,000)
	-----	-----	-----	-----	-----
Balance - September 30, 2008 (Reviewed)	20,000,000	5,498,488	1,490,585	18,367,385	45,356,458
	=====	=====	=====	=====	=====

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

LAMIC FINANCIAL SECURITIES COMPANY (OSC)
DOHA - QATAR

INTERIM STATEMENT OF CASH FLOWS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2008

	For the Nine	
	Month Period Ended	
	<u>September 30,</u>	<u>September 30,</u>
	<u>2008</u>	<u>2007</u>
	QR.	QR.
<u>Cash Flows from Operating Activities:</u>		
Net income for the period	18,172,988	3,798,905
Adjustments for:		
Depreciation expense	1,299,494	1,276,937
Finance and bank charges	337,387	83,335
Employees' end of service benefits	135,873	113,820
Impairment losses on available for sale investments	(1,089,020)	--
(Gain)/loss from sale of available for sale investments	(263,574)	1,313,218
	-----	-----
	18,593,148	6,586,215
Due from customers, prepayment and other debit balances	(23,599,351)	2,801,918
Due to customers, due to related parties, accruals and other credit balances	202,040,106	(40,863,366)
	-----	-----
Cash Flow from (used in) Operating Activities	197,033,903	(31,475,233)
Finance and bank charges paid	(337,387)	(83,335)
Employees' end of service benefits paid	(30,431)	(841)
	-----	-----
Net Cash from (used in) Operating Activities	196,666,085	(31,559,409)
	-----	-----
<u>Cash Flows from Investing Activities:</u>		
Purchase of furniture and equipment	(188,426)	(56,174)
Net movement in available for sale investments	(4,428,948)	2,753,875
	-----	-----
Net Cash (used in) from Investing Activities	(4,617,374)	2,697,701
	-----	-----

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 NINE MONTH PERIOD ENDED SEPTEMBER 30, 2008

	For the Nine	
	Month Period Ended	
	<u>September 30,</u>	<u>September 30,</u>
	<u>2008</u>	<u>2007</u>
	<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	180,248,711	(32,463,708)
Cash and bank balances – Beginning of the period	244,248,302	168,187,038
	-----	-----
Cash and Bank Balances - End of the Period	424,497,013	135,723,330
	=====	=====

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 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 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 nine month ended September 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:

	September 30, 2008 (Reviewed) QR.	December 31, 2007 (Audited) QR.
Current accounts	52,002,600	86,349,855
Saving accounts	372,494,413	157,898,447
Total	424,497,013 =====	244,248,302 =====

4. Due from Customers:

Included in due from customers is a balance of QR. 13,958,636 relating to a foreign broker which is guaranteed by an international bank.

5. Due to Customers:

	September 30, 2008 (Reviewed) QR.	December 31, 2007 (Audited) QR.
Customers' funds	138,310,573	200,176,681
Unpresented cheques	84,163,825	19,975,896
	-----	-----
Total	222,474,398	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 for a share of 4.5% of the Mudaraba investment income.

7. Share Capital:

	September 30, 2008 (Reviewed) QR.	December 31, 2007 (Audited) QR.
Authorised Capital:		
4,000,000 shares at QR. 10 each	40,000,000	40,000,000
	=====	=====
Issued and Paid-up Capital:		
4,000,000 shares at QR. 5 each	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>For the Nine</u>	
	<u>Month Period Ended</u>		<u>Month Period Ended</u>	
	September 30,	September 30,	September 30,	September 30,
	2008	2007	2008	2007
	<u>(Reviewed)</u>	<u>(Reviewed)</u>	<u>(Reviewed)</u>	<u>(Reviewed)</u>
Net income for the period (QR)	2,724,073	1,449,510	18,172,988	3,798,905
Weighted average number of shares	4,000,000	4,000,000	4,000,000	4,000,000
	-----	-----	-----	-----
Earnings per share (QR)	0.68	0.36	4.54	0.95
	=====	=====	=====	=====

9. Contingent Liabilities:

	September 30,	December 31,
	2008	2007
	<u>(Reviewed)</u>	<u>(Reviewed)</u>
	QR.	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:

	September 30,	September 30,
	2008	2007
	<u>(Reviewed)</u>	<u>(Reviewed)</u>
	QR.	QR.
Brokerage and commission income, net	3,841,886	442,279
	=====	=====

11. Key Management Remuneration:

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

	September 30, 2008 <u>(Reviewed)</u> QR.	September 30, 2007 <u>(Reviewed)</u> QR.
Salaries and other benefits	144,000 =====	402,000 =====