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

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED DECEMBER 31, 2009

ISLAMIC FINANCIAL SECURITIES COMPANY (Q.S.C)

FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the year ended December 31, 2009

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INDEPENDENT AUDITOR'S REPORT

The Shareholders
Islamic Financial Securities Company (Q.S.C)
Doha – Qatar

Report on the Financial Statements

We have audited the accompanying financial statements of Islamic Financial Securities Company (Q.S.C) (the "Company''), which comprise the balance sheet as at December 31, 2009 and the statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Islamic Financial Securities Company (Q.S.C) as of December 31, 2009 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Legal and Regulatory Requirements

Furthermore, in our opinion the financial statements provide the information required by the Qatar Commercial Companies' Law No. (5) of 2002 and the Company's Articles of Association. We are also of the opinion that proper books of account were maintained by the Company and the contents of the directors' report are in agreement with the Company's financial statements. We have obtained all the information and explanations which we considered necessary for the purpose of our audit. To the best of our knowledge and belief and according to the information given to us, no contraventions of the Commercial Companies Law or the Company's Articles of Association were committed during the year which would materially affect the Company's activities or its financial position.

For Deloitte & Touche

February 3, 2010 **Muhammad Bahemia**
Doha, Qatar **License No. 103**

ISLAMIC FINANCIAL SECURITIES COMPANY (Q.S.C)

BALANCE SHEET

As at December 31, 2009

	Notes	2009	2008
		QR	QR
ASSETS			
Current assets			
Cash and bank balances	٥	**97,156,702**	748,518,244
Due from customers	6	**1,101,948**	--
Prepayments and other assets	٧	**12,759,782**	3,502,700
		111,018,432	752,020,944
Non-current assets			
Property and equipment	8	**1,108,754**	2,471,393
Available-for-sale investments	9	**4,549,239**	4,742,188
		5,657,993	7,213,581
Total assets		**116,676,425**	759,234,525
LIABILITIES AND EQUITY			
Current liabilities			
Due to customers	10	**61,498,263**	111,489,545
Due to a related party from Mudaraba contracts	١1	**--**	600,150,000
Accruals and other liabilities	12	**11,977,166**	2,875,747
		73,475,429	714,515,292
Non-current liabilities			
Employees' end of service benefits	13	**622,477**	518,836
Total liabilities		**74,097,906**	715,034,128
Equity			
Paid up share capital (75%)	١٤	**30,000,000**	20,000,000
Legal Reserve	١5	**7,828,418**	7,341,941
Retained earnings		**563,772**	185,476
Fair value reserve		**186,329**	72,980
Proposed dividends		**4,000,000**	16,600,000
Total equity		**42,578,519**	44,200,397
Total liabilities and equity		**116,676,425**	759,234,525

Dr. Khaled Bin Thani Bin Abdulla Al Thani
Chairman

Abdulbasit Ahmad Al-Shaibei
Managing Director

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

ISLAMIC FINANCIAL SECURITIES COMPANY (Q.S.C)

STATEMENT OF INCOME

For the year ended December 31, 2009

	Notes	2009	2008
		QR	QR
Income			
Brokerage and commission income	16	**15,050,472**	42,889,301
Brokerage and commission expense	16	**(4,018,206)**	(14,859,553)
Brokerage and commission income, net		**11,032,266**	28,029,748
Income from deposits with Islamic banks		**2,425,662**	5,291,303
Loss on available for sale investments	17	**(282,989)**	(940,794)
Other income		**3,046,659**	269,612
Net operating profit		**16,221,598**	32,649,869
Expenses			
General and administrative expenses	18	**(9,566,918)**	(12,206,554)
Depreciation expense	8	**(1,542,247)**	(1,712,433)
Finance and bank charges		**(247,660)**	(296,350)
Total expenses		**(11,356,825)**	(14,215,337)
Net profit for the year		**4,864,773**	18,434,532
Earnings per share	19	**1.22**	4.61

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

ISLAMIC FINANCIAL SECURITIES COMPANY (Q.S.C)

STATEMENT OF COMPREHENSIVE INCOME

For the year ended December 31, 2009

	Notes	**2009**	2008
		QR	QR
Net profit for the year		**4,864,773**	18,434,532
Other comprehensive income:			
Change in fair value of available for sale investments		**113,349**	(973,912)
Total comprehensive income for the year		**4,978,122**	17,460,620

ISLAMIC FINANCIAL SECURITIES COMPANY (Q.S.C)

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2009

	Notes	Share capital	Legal reserve	Retained earnings	Fair value reserve	Proposed dividends	Total
		QR	QR	QR	QR		QR
Balance at January 1, 2008		**20,000,000**	**5,498,488**	**11,994,397**	**1,046,892**	**--**	**38,539,777**
Comprehensive income for the year		--	--	18,434,532	(973,912)	--	17,460,620
Transfer to reserve		--	1,843,453	(1,843,453)	--	--	--
Dividends paid for 2007		--	--	(11,800,000)	--	--	(11,800,000)
Proposed dividends		--	--	(16,600,000)	--	16,600,000	--
Balance at December 31, 2008		**20,000,000**	**7,341,941**	**185,476**	**72,980**	**16,600,000**	**44,200,397**
Comprehensive income for the year		--	--	4,864,773	113,349	--	4,978,122
Transfer to reserve		--	486,477	(486,477)	--	--	--
Dividends paid for 2008	20	--	--	--	--	(6,600,000)	(6,600,000)
Transferred to share capital *		10,000,000	--	--	--	(10,000,000)	--
Proposed dividends		--	--	(4,000,000)	--	4,000,000	--
Balance at December 31, 2009		**30,000,000**	**7,828,418**	**563,772**	**186,329**	**4,000,000**	**42,578,519**

* The Ordinary General Assembly held on February 3, 2009 resolved to increase the paid up capital by QR. 10,000,000.

* The Board of Directors in its meeting held on February 3, 2010 proposed to the General Assembly a cash dividends of 10% of the issued capital amounting to QR. 4 million.

ISLAMIC FINANCIAL SECURITIES COMPANY (Q.S.C)

STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2009

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

CIAL SECURITIES COMPANY (Q.S.C)

STATEMENT OF CASH FLOWS

For the year ended December 31, 2009

	Notes	2009	2008
		QR	QR
OPERATING ACTIVITIES			
Profit for the year		**4,864,773**	18,434,532
Adjustments for:			
Depreciation		**1,542,247**	1,712,433
Finance cost		**247,660**	296,350
Revenues from deposits in Islamic Banks		**(2,425,662)**	(5,291,303)
Loss on sale of available-for-sale investments		**65,743**	1,129,476
Impairment on available for sale investments		**306,298**	--
Other investment income		**(89,051)**	(188,682)
Gain on sale of property and equipment		**(1,268)**	--
Provision for employees end of service benefits		**159,538**	178,101
		4,670,278	16,270,907
Due from customers		**(1,101,948)**	4,761,560
Prepayments and other assets		**(9,257,082)**	568,177
Due to customers		**(49,991,282)**	(88,687,136)
Due to a related party		**(600,150,000)**	600,150,000
Accruals and other liabilities		**9,101,417**	1,496,456
		(646,728,617)	534,559,964
End of service benefits paid		**(55,897)**	(30,431)
Net cash (used in) generated by operating activities		**(646,784,514)**	534,529,533
INVESTING ACTIVITIES			
Purchases of property and equipment		**(179,640)**	(229,995)
Disposals of property and equipment		**1,300**	200,746
Purchase of available-for-sale investments		**(2,156,051)**	(8,917,836)
Proceeds from sale of available-for-sale investments		**2,090,310**	5,279,755
Revenues received from deposits with Islamic banks		**2,425,662**	5,291,303
Other investment income		**89,051**	188,682
Net cash generated by investing activities		**2,270,632**	1,812,655
FINANCING ACTIVITIES			
Finance costs paid		**(247,660)**	(296,350)
Dividends paid		**(6,600,000)**	(11,800,000)
Net cash used in financing activities		**(6,847,660)**	(12,096,350)
Net increase in cash and bank balances		**(651,361,542)**	524,245,838
Cash and bank balances at the beginning of the year		**748,518,244**	224,272,406
Cash and bank balances at the end of the year	5	**97,156,702**	748,518,244

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

1. INCORPORATION AND ACTIVITIES

Islamic Financial Securities Company (Q.S.C) (the "Company") is a Qatari Public Shareholding Company registered and incorporated in Qatar and engaged in the activity of trading as brokers in Qatar Exchange, in accordance with Islamic Sharia'a and establishing share broking companies. The Company is governed by the provisions of the Qatar Commercial Companies law No. 5 of 2002 and the Qatar Exchange regulations. The Company is registered in the Commercial Register under No. 26337.

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 a Closed to Public Shareholding Company on that date. The shares of the Company were listed on the Doha Securities Market on March 3, 2008.

On December 28, 2008, the General Assembly resolved to convert the Company into a Holding Company. The legal formalities in respect of the change are still in progress.

The financial statements were approved by the Board of Directors and authorised for issue on _______, 2010.

2. ADOPTION OF NEW AND REVISED STANDARDS

Standards and Interpretations effective in the current period
At the date of authorization of these financial statements, the following Standards and Interpretations were effective:

<u>Revised Standards:</u>

• IAS 1 (Revised) Presentation of Financial Statements	IAS 1 has introduced the following: - Terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. - Comprehensive revision including requiring a statement of comprehensive income.
• IAS 23 (Revised) Borrowing Costs	- The principal change to the Standard was to eliminate the option to expense all borrowing costs when incurred. This change has had no impact on these financial statements because it has always been the Company's accounting policy to capitalize borrowing costs incurred on qualifying assets.
• IFRS 7 (Revised) – Financial Instruments	- The amendments to IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk.
Various	In addition to the amendments described earlier in this section, the following standards were also amended. The improvements have led to certain changes in the detail of the Company's accounting policies – some of which are changes in terminology only, and some of which are substantive but have had no material effect on amounts reported.

2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

Revised Standards: (continued)

•IAS 16 (Revised)	*Property, Plant and Equipment*
•IAS 19 (Revised)	*Employee Benefits*
•IAS 20 (Revised)	*Government Grants and Disclosure of Government Assistance*
•IAS 27 (Revised)	*Consolidated and Separate Financial Statements*
•IAS 28 (Revised)	*Investments in Associates*
•IAS 29 (Revised)	*Financial reporting in Hyperinflationary economies*
•IAS 31 (Revised)	*Interest In Joint Ventures*
•IAS 32 (Revised)	*Financial Instruments: Presentation*
•IAS 36 (Revised)	*Impairment of Assets*
•IAS 38 (Revised)	*Intangible Assets*
•IAS 39 (Revised)	*Financial Instruments – Recognition & Measurement*
•IAS 40 (Revised)	*Investment Property*
•IFRS 1 (Revised)	*First time adoption*
•IFRS 2 (Revised)	*Share-based Payments*

Effective for annual periods beginning on or after January 1, 2011 (early adoption allowed)

• IAS 24 (Revised) Related Party Disclosures	The revised Standard simplifies the disclosure requirements for entities that are controlled, jointly controlled or significantly influenced by a government (referred to as government related entities) and clarifies the definition of related party.

New Standard:

•IFRS 8	*Operating Segments*

New Interpretations:

•IFRIC 13	*Customer loyalty Programmes*
•IFRIC 15	*Agreements for the Construction of Real Estate*
•IFRIC 16	*Hedges of Net Investment in Foreign Operations*

The adoption of these standards and interpretations had no significant effect on the financial statements of the Company for the year ended December 31, 2009, other than certain presentation and disclosure changes.

Standards and Interpretations in issue not yet effective

At the date of authorization of these financial statements, the following Standards and Interpretations were in issue but not yet effective:

2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

Standards and Interpretations in issue not yet effective (continued)

<u>Revised Standards:</u>

Effective for annual periods beginning on or after July 1, 2009

- IAS 27 (Revised) *Consolidated and Separate Financial Statements*
- IAS 28 (Revised) *Investments in Associates*
- IAS 31 (Revised) *Interest In Joint Ventures*
- IAS 38 (Revised) *Intangible Assets*
- IAS 39 (Revised) *Financial Instruments: Recognition & Measurement*
- IFRS 2 (Revised) *Share-based Payments*
- IFRS 3 (Revised) *Business Combinations*
- IFRS 5 (Revised) *Non Current assets Held for Sale & Discontinued Operations*

Effective for annual periods beginning on or after January 1, 2010

- IAS 1 *Presentation of Financial statements*
- IAS 7 (Revised) *Statement of Cash Flows*
- IAS 17 (Revised) *Leases*
- IAS 36 (Revised) *Impairment of Assets*
- IAS 39 (Revised) *Financial Instruments: Recognition & Measurement*
- IFRS 1 (Revised) *First time adoption*
- IFRS 2 (Revised) *Share-based Payments*
- IFRS 5 (Revised) *Non Current assets Held for Sale & Discontinued Operations*
- IFRS 8 (Revised) *Operating Segments*

<u>New Standard:</u>

Effective for annual periods beginning on or after January 1, 2013 (Early adoption allowed)

- IFRS 9 *Financial Instruments – Classification and Measurement*

<u>New Interpretations:</u>

Effective for annual periods beginning on or after July 1, 2009

- IFRIC 17 – *Distributions of Non-Cash Assets to Owners*

Effective for transfers from customers received on or after July 1, 2009

- IFRIC 18 - Transfers of Assets from Customers

Effective for annual periods beginning on or after July 1, 2010

- IFRIC 19 – *Extinguishing Financial Liabilities with Equity Instruments*

2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

Management anticipates that the adoption of these standards and interpretations in future periods will have no material financial impact on the financial statements of the Company in the period of initial application, other than certain presentation and disclosure changes.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Basis of preparation

The financial statements have been prepared on the historical cost basis except for available for sale investments, which are measured at fair value. The principal accounting policies are set out below.

These financial statements are presented in Qatari Riyals (QR), which is the Company's functional currency.

Financial assets

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs.

Financial assets are classified into the following specified categories: cash and bank balances, available-for-sale investments and due from customers. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For quoted shares classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

The carrying amount of the financial assets is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the statement of income.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

With the exception of available for sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the statement of income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available for sale equity securities, impairment losses previously recognised through the statement of income are not reversed through the statement of income. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

Available for sale investments

The Company's investments in equity securities are classified as available for sale investments and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in equity in the fair value reserve with the exception of impairment losses. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the fair value reserve is taken to the statement of income.

Dividends are recognised in the statement of income when the Company's right to receive the dividends is established.

Financial liabilities and equity instruments issued by the Company

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Property and equipment

Property and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of income during the financial period in which they are incurred.

Depreciation is calculated based on the estimated useful lives of the applicable assets on a straight-line basis commencing when the assets are ready for their intended use. The estimated useful lives, residual values and depreciation methods are reviewed at each balance sheet date, with the effect of any changes in estimate accounted for on prospective basis.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of income.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of tangible assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of income.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of income.

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Employees end of service benefits

A provision is made for employees end of service benefits which are payable on completion of employment. The provision is calculated in accordance with Qatari Labour Law based on employees' salaries and accumulated periods of service.

The Company pays contributions to the General Authority of Retirement & Pension as a percentage of the Qatari employees' salaries, in compliance with Law Number 24 of 2002.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition
Revenue is measured at the fair value of the consideration received or receivable.

i) Commissions

Commission income from brokerage activities is recognized when the purchase or sale transactions are executed. It is calculated in accordance with rates stated by Qatar Exchange.

Commission income is reduced by commission rebates.

ii) Dividend Income

Dividend income from investments is recognised when the shareholder's right to receive payment is established.

iii) Profit from Deposits in Islamic Banks

Profit is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Translation of foreign currencies
Foreign currency transactions are translated into Qatari Riyals using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of income.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available for sale are included in the fair value reserve in equity.

4. CRITICAL JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are affected prospectively.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in financial statements:

Classification of investments

Management decides, on the acquisition of an investment, whether to classify it as available for sale or financial assets at fair value through profit or loss. The Company classifies investments as financial assets at fair value through profit or loss if the investment is classified as held for trading and upon initial recognition it is designated by the Company as at fair value through profit or loss. All other investments are classified as available for sale.

Impairment of available for sale investments

The Company follows the guidance of IAS 39 "Financial Instruments: Recognition and measurement" to determine when an available for sale investment is impaired. This determination requires significant judgment. In making this judgement, the Company assesses, among other factors, whether objective evidence of impairment exists. Objective evidence for an investment includes information about significant changes with an adverse effect that have taken place in the economic market in which the investee company operates and indicates that the investment may have suffered a significant or prolonged decline in the fair value below its cost.

5. CASH AND BANK BALANCES

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in banks and term deposits with original maturities of three months of less, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement can be reconciled to the related items in the balance sheet as follows:

	2009	2008
	QR	QR
Current accounts	**10,446,839**	467,875
Time deposits	**86,709,863**	748,050,369
	97,156,702	748,518,244

The effective profit rate on time deposits ranges from 2.5 to 6.5% per annum.

6. DUE FROM CUSTOMERS

	2009	2008
	QR	QR
Due from customers	**1,101,948**	--
	1,101,948	--

Aging of past due but not impaired

	2009	2008
	QR	QR
1 – 7 days	**1,101,948**	--
Total	**1,101,948**	--

7. PREPAYMENTS AND OTHER ASSETS

	2009	2008
	QR	QR
Refundable deposits	**124,525**	2,000,150
Accrued revenue from deposits with Islamic banks	**12,217,999**	964,749
Prepaid expenses	**417,258**	515,327
Others	**--**	22,474
	12,759,782	3,502,700

8. PROPERTY AND EQUIPMENT

	Office equipment	Furniture and fixtures	Decorations	Motor vehicles	Total
	QR	**QR**	**QR**	**QR**	**QR**
Cost					
At January 1, 2008	5,684,392	708,056	1,044,893	23,777	7,461,118
Additions	185,425	--	44,570	--	229,995
Disposals	(401,500)	--	--	--	(401,500)
At January 1, 2009	**5,468,317**	**708,056**	**1,089,463**	**23,777**	**7,289,613**
Additions	166,630	13,010	--	--	179,640
Disposals	(64,006)	(73,247)	--	--	(137,253)
At December 31, 2009	**5,570,941**	**647,819**	**1,089,463**	**23,777**	**7,332,000**
Accumulated depreciation					
At January 1, 2008	2,572,631	313,306	402,624	17,980	3,306,541
Charge for the year	1,383,417	127,905	196,356	4,755	1,712,433
Disposals	(200,754)	--	--	--	(200,754)
At January 1, 2009	**3,755,294**	**441,211**	**598,980**	**22,735**	**4,818,220**
Charge for the year	1,210,431	133,843	196,932	1,041	1,542,247
Disposals	(64,005)	(73,216)	--	--	(137,221)
At December 31, 2009	**4,901,720**	**501,838**	**795,912**	**23,776**	**6,223,246**
Net book value as at:					
At December 31, 2009	**669,221**	**145,981**	**293,551**	**1**	**1,108,754**
At December 31, 2008	1,713,023	266,845	490,483	1,042	2,471,393

The following useful lives are used in the calculation of depreciation:

- Office equipment 20%-25%
- Furniture and fixtures 20%
- Decorations 20%
- Motor vehicles 20%

9. AVAILABLE-FOR-SALE INVESTMENTS

	2009	2008
	QR	QR
At January 1	**4,742,188**	3,207,495
Additions	**2,156,051**	8,917,836
Disposals	**(2,090,309)**	(6,409,231)
Changes in fair value	**(258,691)**	(973,912)
At December 31	**4,549,239**	4,742,188

9. AVAILABLE-FOR-SALE INVESTMENTS (CONTINUED)

Available-for-sale investments include the following:

	2009	2008
	QR	QR
Listed securities (At fair value)		
Equity securities – Qatar	**1,569,459**	1,762,408
Unlisted securities (At cost)		
Equity securities – Qatar	**2,760,000**	2,760,000
Equity securities – Syria	**219,780**	219,780
	4,549,239	4,742,188

Available-for-sale investments are denominated in the following currencies:

	2009	2008
	QR	QR
Qatari Riyals	**4,329,459**	4,522,408
Other currencies	**219,780**	219,780
	4,549,239	4,742,188

10. DUE TO CUSTOMERS

	2009	2008
	QR	QR
Customer funds	**61,498,263**	111,489,545

Customer funds represent amounts deposited by customers against trading transactions performed by them.

11. RELATED PARTY TRANSACTIONS

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

Balances arising from business transactions	**2009**	2008
	QR	QR
Mudaraba I (i)	--	200,000,000
Mudaraba II (ii)	--	100,000,000
Mudaraba III (iii)	--	100,000,000
Mudaraba IV (iv)	--	200,150,000
	--	600,150,000

Last year, the Company entered into 4 Mudaraba agreements with Qatar International Islamic Bank. All theses agreements matured in 2009.

The following transactions were carried out with related parties:

	2009	2008
	QR	QR
Brokerage and commission income	**784,530**	**3,000,099**
Returned commissions	**356,259**	**11,747,715**

Pricing policies and terms of these transactions are approved by the Company's management.

Compensation of key management personnel

The remuneration of members of key management during the year was as follows:

	2009	2008
	QR	QR
Short-term benefits	**1,170,000**	1,432,000

12. ACCRUALS AND OTHER LIABILITIES

	2009	2008
	QR	QR
Accrued expenses	**496,750**	2,859,266
Accrued finance cost	**11,480,416**	16,481
	11,977,166	2,875,747

13. EMPLOYEES END OF SERVICE BENEFITS

	2009	2008
	QR	QR
At January 1	**518,836**	371,166
Additions	**159,538**	178,101
Payments	**(55,897)**	(30,431)
At December 31	**622,477**	518,836

14. PAID UP SHARE CAPITAL

	2009	2008
	QR	QR
Authorised and issued share capital		
4,000,000 shares of nominal value QR. 10 each	**40,000,000**	40,000,000
75% paid (2008: 50%)	**30,000,000**	20,000,000

15. LEGAL RESERVE

As required by the Qatari Commercial Companies Law No. 5 of 2002 and the Company's Articles of Association, 10% of the profit for the year is to be transferred to the statutory reserve until the reserve reaches a minimum of 50% of the paid up share capital. This reserve is not available for distribution.

16. COMMISSIONS

Commission income:

Commission income comprises commission raised on share purchase and all transactions less discounts and commissions offered to clients.

Commission expenses:

Commission expenses comprise fees paid to the Qatar Exchange and other direct brokerage costs.

17. LOSS ON INVESTMENTS

	2009	2008
	QR	QR
Loss from sale of available-for-sale investments	**(372,040)**	(1,129,476)
Other investment income	**89,051**	188,682
	(282,989)	(940,794)

18. GENERAL AND ADMINISTRATIVE EXPENSES

	2009	2008
	QR	QR
Salaries and other staff costs	**5,949,612**	5,928,084
Rental charges	**1,091,092**	1,044,520
Board of Directors and Sharia'a board remuneration	**--**	1,720,000
DSM penalties	**--**	1,030,300
Communication expenses	**746,507**	540,870
Marketing and advertising expenses	**477,917**	327,595
Electronic connection fees	**299,826**	349,826
Travelling expenses	**172,379**	201,926
Professional and legal fees	**168,000**	185,000
Insurance	**107,433**	112,191
Miscellaneous expenses	**554,152**	766,242
	9,566,918	12,206,554

19. EARNINGS PER SHARE

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

	2009	2008
Net income for the year (QR.)	**4,864,773**	18,434,532
Weighted average number of shares	**4,000,000**	4,000,000
Basic and diluted earnings per share (QR.)	**1.22**	4.61

20. DIVIDEND PAID

During the year, a cash dividend per share of QR 1.65 amounting to QR 6,600,000 was paid from 2008 profits, equivalent to 33.3% of the paid up share capital (2008: QR 11,800,000 from 2007 profits, equivalent to 59% of the paid up share capital).

21. FINANCIAL INSTRUMENTS

Profit margin risk exposures
Profit margin risk represents the exposure the Company faces to changes in profit margin on its financial assets and liabilities.

The Company is exposed to profit margin risk on its fixed deposits. A 1% increase or decrease in the profit margin on the fixed deposits will result in an increase or decrease of QR 1,480,504 in the assets and profit and loss.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company does not hedge its exposure to currency risk, however, management is of the opinion that the Company's exposure to currency risk is minimal as almost all of its financial instruments are denominated in Qatari Riyals.

Capital risk
The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of equity, comprising issued capital, reserves and retained earnings.

Categories of financial instruments

	2009	2008
	QR	QR
Financial assets		
Cash and bank balances	**97,156,702**	748,518,244
Due from customers	**1,101,948**	--
Available for sale investments	**4,549,239**	4,742,188
Financial liabilities		
Due to customers	**61,498,263**	111,489,545
Due to a related party	**--**	600,150,000

Market risk
Market risk is the risk that changes in market prices, as equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

An increase or decrease of 10% in market value of the Company's available-for-sale investments is expected to result in an increase or decrease of QR. 474,219 in the assets and equity of the Company.

21. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk management

Liquidity risk is the risk that the Company will be unable to meet its liabilities and commitments when they fall due. Due to the nature of operations, management is of the opinion that the Company's exposure to liquidity risk is minimal. All financial liabilities are due within one year.

Fair value of financial instruments

The fair value of financial instruments traded in active markets (such as available for sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Company is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. The management is of opinion that the fair value of such financial instruments approximates its nominal value.

22. COMMITMENTS AND CONTINGENT LIABILITIES

The Company had the following contingent liabilities outstanding at December 31:

	2009	2008
	QR	QR
Letters of guarantee	**52,500,000**	692,500,000

23. SEGMENT ANALYSIS

The Company has only one type of business activities, as further explained in note 1 to the Financial Statements. Further the company only operates in the state of Qatar.

24. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.