

**ISLAMIC HOLDING GROUP (Q.S.C.)  
DOHA - QATAR**

**INTERIM CONDENSED CONSOLIDATED  
FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITOR'S REVIEW REPORT  
FOR THE NINE MONTH PERIOD ENDED  
SEPTEMBER 30, 2012**

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

For the nine month period ended September 30, 2012

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Independent auditor's review report --

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QR. 80518

## INDEPENDENT AUDITOR'S REVIEW REPORT

**The Board of Directors  
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 September 30, 2012 and the related interim condensed consolidated statements of income and comprehensive income for the three and nine month periods then ended, the interim condensed consolidated statements of changes in shareholders’ equity and cash flows for the nine 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**  
....., 2012

**Midhat Salha**  
License No. 257

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
 As at September 30, 2012

	<b>Note</b>	<b>September 30, 2012</b> <b>(Reviewed)</b>	<b>December 31, 2011</b> <b>(Audited)</b>
		<b>QR.</b>	<b>QR.</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and bank balances	4	<b>1,028,725,155</b>	437,365,341
Bank balances and customers' funds	5	<b>129,983,379</b>	130,417,751
Due from customers		<b>1,964,897</b>	577,511
Prepayments and other assets	6	<b>2,345,352</b>	2,670,335
<b>Total Current Assets</b>		<b>1,163,018,783</b>	571,030,938
<b>Non-Current Assets:</b>			
Available-for-sale investments		<b>9,408,954</b>	3,401,074
Property and equipment		<b>1,412,371</b>	1,975,020
<b>Total Non-Current Assets</b>		<b>10,821,325</b>	5,376,094
<b>Total Assets</b>		<b>1,173,840,108</b>	576,407,032
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Due to customers	7	<b>128,321,935</b>	131,936,557
Due to a related party from Wakala contracts	8	<b>1,000,000,000</b>	400,000,000
Accruals and other credit balances		<b>300,078</b>	809,565
<b>Total Current Liabilities</b>		<b>1,128,622,013</b>	532,746,122
<b>Non-Current Liabilities</b>			
Employees' end of service benefits		<b>919,897</b>	836,768
<b>Total liabilities</b>		<b>1,129,541,910</b>	533,582,890
<b>Shareholders' Equity</b>			
Paid up share capital	9	<b>30,000,000</b>	30,000,000
Legal reserve		<b>8,692,474</b>	8,692,474
Retained earnings		<b>5,841,506</b>	224,268
Fair value reserve		<b>(235,782)</b>	(92,600)
Proposed dividends		<b>--</b>	4,000,000
<b>Total Shareholders' Equity</b>		<b>44,298,198</b>	42,824,142
<b>Total Liabilities and Shareholders' Equity</b>		<b>1,173,840,108</b>	576,407,032

**Dr. Yousuf Ahmad Hussain Al Nama**  
**Chairman & Managing Director**

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME**  
 For the three and nine month period ended September 30, 2012

	Note	For the three month period ended		For the nine month period ended	
		September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
		(Reviewed)	(Reviewed)	(Reviewed)	(Reviewed)
		QR.	QR.	QR.	QR.
<b>Revenue</b>					
Brokerage and commission income		<b>3,765,090</b>	2,984,553	<b>14,426,011</b>	12,154,635
Brokerage and commission expense		<b>(989,385)</b>	(764,516)	<b>(4,032,338)</b>	(3,356,486)
<b>Brokerage and commission income, net</b>		<b>2,775,705</b>	2,220,037	<b>10,393,673</b>	8,798,149
Income from saving accounts with Islamic banks		<b>505,701</b>	456,068	<b>1,649,354</b>	1,748,844
Gain on sale of available of sale investments		<b>55,862</b>	1,922	<b>194,090</b>	202,406
Income from Wakala contracts		<b>240,000</b>	210,000	<b>360,000</b>	530,000
Other income		<b>9,140</b>	--	<b>67,688</b>	10,575
<b>Net operating profit</b>		<b>3,586,408</b>	2,888,027	<b>12,664,805</b>	11,289,974
<b>Expenses</b>					
General and administrative expenses		<b>(1,914,865)</b>	(2,015,188)	<b>(6,314,661)</b>	(6,719,072)
Depreciation expense		<b>(186,654)</b>	(208,893)	<b>(570,356)</b>	(655,627)
Finance and bank charges		<b>(53,815)</b>	(57,489)	<b>(162,550)</b>	(173,299)
<b>Total expenses</b>		<b>(2,155,334)</b>	(2,281,570)	<b>(7,047,567)</b>	(7,547,998)
<b>Net income for the period</b>		<b>1,431,074</b>	606,457	<b>5,617,238</b>	3,741,976
<b>Earnings per share</b>	10	<b>0.36</b>	0.15	<b>1.40</b>	0.94

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
 For the three and nine month period ended September 30, 2012

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	<u>For the three month period ended</u>		<u>For the nine month period ended</u>	
	<u>September 30, 2012</u>	<u>September 30, 2011</u>	<u>September 30, 2012</u>	<u>September 30, 2011</u>
	<u>(Reviewed)</u>	<u>(Reviewed)</u>	<u>(Reviewed)</u>	<u>(Reviewed)</u>
	<b>QR.</b>	<b>QR.</b>	<b>QR.</b>	<b>QR.</b>
<b>Net income for the period</b>	<b>1,431,074</b>	606,457	<b>5,617,238</b>	3,741,976
<b>Other comprehensive income items:</b>				
Changes in fair value of available for sale investments	<b>56,750</b>	(45,814)	<b>(143,182)</b>	(127,996)
<b>Total comprehensive income for the period</b>	<b>1,487,824</b>	560,643	<b>5,474,056</b>	3,613,980

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

**ISLAMIC HOLDING GROUP (Q.S.C.)**

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

For the nine month period ended September, 2012

	<b>Paid up Share Capital</b>	<b>Legal Reserve</b>	<b>Retained Earnings</b>	<b>Fair Value Reserve</b>	<b>Proposed Dividends</b>	<b>Total</b>
	<b>QR.</b>	<b>QR.</b>	<b>QR.</b>	<b>QR.</b>	<b>QR.</b>	<b>QR.</b>
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	--	--	3,741,976	(127,996)	--	3,613,980
Dividends paid	--	--	--	--	(4,000,000)	(4,000,000)
Balance - September 30, 2011 (Reviewed)	<u>30,000,000</u>	<u>8,228,426</u>	<u>3,905,824</u>	<u>(119,446)</u>	<u>--</u>	<u>42,014,804</u>
<b>Balance – January 1, 2012 (Audited)</b>	<b>30,000,000</b>	<b>8,692,474</b>	<b>224,268</b>	<b>(92,600)</b>	<b>4,000,000</b>	<b>42,824,142</b>
Total comprehensive income for the period	--	--	5,617,238	(143,182)	--	5,474,056
Dividends paid	--	--	--	--	(4,000,000)	(4,000,000)
<b>Balance - September 30, 2012 (Reviewed)</b>	<b><u>30,000,000</u></b>	<b><u>8,692,474</u></b>	<b><u>5,841,506</u></b>	<b><u>(235,782)</u></b>	<b><u>--</u></b>	<b><u>44,298,198</u></b>

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

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
 For the nine month period ended September 30, 2012

	<b>For the nine month period ended</b>	
	<b>September 30, 2012</b>	<b>September 30, 2011</b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>
	<b>QR.</b>	<b>QR.</b>
<b>OPERATING ACTIVITIES</b>		
Net income for the period	<b>5,617,238</b>	3,741,976
Adjustments for:		
Depreciation expense	<b>570,356</b>	655,627
Finance and bank charges	<b>162,550</b>	173,299
Income from saving accounts with Islamic banks	<b>(1,649,354)</b>	(1,748,844)
Profit from sale of available for sale investments	<b>(194,158)</b>	(202,406)
Income from Wakala contracts	<b>(360,000)</b>	(530,000)
Provision for employees' end of service benefits	<b>165,054</b>	82,276
	<b>4,311,686</b>	2,171,928
Bank balances and customers' funds	<b>434,372</b>	(14,817,016)
Due from customers	<b>(1,387,386)</b>	3,836,761
Prepayments and other assets	<b>324,983</b>	(3,078,731)
Due to customers	<b>(3,614,622)</b>	12,794,050
Due to a related party from Wakala contracts	<b>600,000,000</b>	400,000,000
Accruals and other credit balances	<b>(509,487)</b>	1,490,413
	<b>599,559,546</b>	402,397,405
Employees' end of service benefits paid	<b>(81,925)</b>	--
<b>Net Cash from Operating Activities</b>	<b>599,477,621</b>	402,397,405
<b>INVESTING ACTIVITIES</b>		
Purchases of property and equipment	<b>(7,707)</b>	(341,153)
Purchases of available for sale investments	<b>(19,384,508)</b>	(5,645,424)
Proceeds from sale of available for sale investments	<b>13,427,604</b>	5,133,488
Income from Wakala contracts	<b>360,000</b>	530,000
Income from saving accounts with Islamic banks	<b>1,649,354</b>	1,748,844
<b>Net Cash (used in) / from Investing Activities</b>	<b>(3,955,257)</b>	1,425,755

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



**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
 For the nine month period ended September 30, 2012

	<b>Note</b>	<b>For the nine month period ended</b>	
		<b>September 30, 2012</b>	<b>September 30, 2011</b>
		<b>(Reviewed)</b>	<b>(Reviewed)</b>
		<b>QR.</b>	<b>QR.</b>
<b>FINANCING ACTIVITIES</b>			
Finance and bank charges		<b>(162,550)</b>	(173,299)
Dividends paid		<b>(4,000,000)</b>	(4,000,000)
Fixed deposits		<b>(6,000,000)</b>	(400,000,000)
<b>Net Cash used in Financing Activities</b>		<b>(604,162,550)</b>	(404,173,299)
Net (decrease) in cash and bank balances		<b>(8,640,186)</b>	(350,139)
Cash and bank balances – beginning of the period		<b>37,365,341</b>	35,112,839
<b>Cash and bank balances - End of the Period</b>	<b>4</b>	<b>28,725,155</b>	34,762,700

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
For the nine month period ended September 30, 2012

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**1. GENERAL INFORMATION**

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

The Board of Directors in its meeting held on September 22, 2006 decided to change the Company to a Qatari Public Shareholding Company which was approved by of the Ministry of Economy and Trade on December 26, 2006. The Company shares were listed in Doha Securities Market 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 Business 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 single person 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.

During the period, the Group established a company under the name of Ajyad Real Estate Company (S.P.C) with a capital of QR. 5,000,000, the main activities of this company is Real Estate brokerage business. The Company did not commence any operations during this period.

These interim condensed consolidated financial statements were approved by the Board of Directors on \_\_\_\_\_, 2012.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
 For the nine month period ended September 30, 2012

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**2. ACCOUNTING POLICIES**

These interim condensed consolidated financial statements are prepared in accordance with IAS 34 “Interim Financial Reporting”. The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2011. These interim condensed consolidated financial statements should be read in conjunction with the 2011 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 nine month period ended September 30, 2012 are not necessarily indicative of the results that may be expected for the full financial year ending December 31, 2012.

**3. SEGMENT INFORMATION**

The Group operates in a main business segment that is cash 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**

	<b>September 30, 2012 (Reviewed)</b>	<b>December 31, 2011 (Audited)</b>
	<b>QR.</b>	<b>QR.</b>
Current accounts	<b>(383,422)</b>	7,151,796
Saving accounts	<b>29,108,577</b>	30,213,545
Term deposits	<b>1,000,000,000</b>	400,000,000
	<b><u>1,028,725,155</u></b>	<b><u>437,365,341</u></b>

**5. BANK BALANCES AND CUSTOMERS’ FUNDS**

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
For the nine month period ended September 30, 2012

**6. PREPAYMENTS AND OTHER ASSETS**

	<b>September 30, 2012 (Reviewed)</b>	<b>December 31, 2011 (Audited)</b>
	<b>QR.</b>	<b>QR.</b>
Refundable deposits	<b>2,000,250</b>	2,000,250
Prepaid expenses	<b>345,102</b>	655,991
Other assets	<b>--</b>	14,094
<b>Total</b>	<b><u>2,345,352</u></b>	<b><u>2,670,335</u></b>

**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 prior year, the Group entered into two Wakala agreements with a related party, Qatar International Islamic Bank (the "Bank"), whereby the Group invests a total amount of QR. 400,000,000 on behalf of the Bank. According to the agreements the Group will receive a fixed amount against the investment amounting to QR. 240,000.

During the current period, the Group entered into another Wakala agreement with a related party, Qatar International Islamic Bank (the "Bank"), whereby the Group invests a total amount of QR. 600,000,000 on behalf of the Bank. According to the agreement the Group will receive a fixed amount against the investment amounting to QR. 360,000.

**9. SHARE CAPITAL**

	<b>September 30, 2012 (Reviewed)</b>	<b>September 30, 2011 (Audited)</b>
	<b>QR.</b>	<b>QR.</b>
Authorized and issued share capital:		
4,000,000 shares with a value of QR.10 per share	<b><u>40,000,000</u></b>	<u>40,000,000</u>
Percentage of paid-up capital	<b>75%</b>	75%
Paid-up share capital (QR.)	<b><u>30,000,000</u></b>	<u>30,000,000</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
 For the nine month period ended September 30, 2012

**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 nine month period ended</u>	
	<u>September 30, 2012 (Reviewed)</u>	<u>September 30, 2011 (Reviewed)</u>	<u>September 30, 2012 (Reviewed)</u>	<u>September 30, 2011 (Reviewed)</u>
Net income for the period (QR)	<b>1,431,074</b>	606,457	<b>5,617,238</b>	3,741,976
Weighted average number of shares	<b>4,000,000</b>	4,000,000	<b>4,000,000</b>	4,000,000
Earnings per share (QR)	<b>0.36</b>	0.15	<b>1.40</b>	0.94

**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 nine month period ended</u>	
	<u>September 30, 2012 (Reviewed)</u>	<u>September 30, 2011 (Reviewed)</u>
	<b>QR.</b>	<b>QR.</b>
Commission income, net	<b>779,427</b>	736,207
Income from Wakala contracts	<b>360,000</b>	580,000

**12. KEY MANAGEMENT REMUNERATION**

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

	<u>For the nine month period ended</u>	
	<u>September 30, 2012 (Reviewed)</u>	<u>September 30, 2011 (Reviewed)</u>
	<b>QR.</b>	<b>QR.</b>
Short term benefits	<b>975,400</b>	830,700

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
For the nine month period ended September 30, 2012

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**13. CONTINGENT LIABILITIES**

	<u>September 30, 2012</u> <b>(Reviewed)</b>	<u>December 31, 2011</u> <b>(Audited)</b>
	<b>QR.</b>	<b>QR.</b>
Letters of guarantee	<u><b>1,085,000,000</b></u>	<u>485,000,000</u>