

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

INTERIM CONDENSED FINANCIAL
STATEMENTS

FOR THE THREE MONTH PERIOD

ENDED MARCH 31, 2008

TOGETHER WITH INDEPENDENT
AUDITOR'S REVIEW REPORT

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ISLAMIC FINANCIAL SECURITIES COMPANY (Q.S.C)
DOHA - QATAR
MARCH 31, 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 (QSC)**, as of March 31, 2008 and the related interim statements of income, changes in shareholders' equity and cash flows for the three month period then ended, and a selected explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with **International Accounting Standard: IAS 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 three month period ended March 31, 2007 were reviewed by another auditor who issued an unqualified review report thereon. The balance sheet as of December 31, 2007 and statement of income for the year then ended which are presented for comparative purposes have also been audited by the other auditor, whose report dated February 4, 2008 expressed an unqualified opinion thereon.

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 do not present fairly, in all material respects the financial position of the Company as of March 31, 2008 and its financial performance and its cash flows for the three month period then ended in accordance with **International Accounting Standard: IAS 34 “Interim Financial Reporting”**.

For **Deloitte & Touche**

Doha - Qatar
April 9, 2008

Muhammad O. Bahemia
License No. 103

ISLAMIC FINANCIAL SECURITIES COMPANY (QSC)
DOHA - QATAR

INTERIM BALANCE SHEET
AS OF MARCH 31, 2007

<u>ASSETS:</u>	Note	March 31, 2008 <u>(Reviewed)</u> QR.	December 31, 2007 <u>(Audited)</u> QR.
<u>Current Assets:</u>			
Cash and bank balances	3	141,234,346	244,248,302
Due from customers	4	23,302,919	4,761,560
Prepayments and other debit balances		3,468,490	4,070,877
		-----	-----
Total Current Assets		168,005,755	253,080,739
		-----	-----
<u>Non-Current Assets:</u>			
Available-for-sale investments		3,570,101	3,207,495
Property and equipments		3,883,846	4,154,577
		-----	-----
Total Non-Current Assets		7,453,947	7,362,072
		-----	-----
Total Assets		175,459,702	260,442,811
		=====	=====
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
<u>LIABILITIES:</u>			
<u>Current Liabilities:</u>			
Due to customers	5	142,636,484	220,152,577
Accruals and other credit balances		380,615	1,379,291
		-----	-----
Total Current Liabilities		143,017,099	221,531,868
		-----	-----
Employees' end of service benefits		393,355	371,166
		-----	-----
<u>Shareholders' Equity:</u>			
Paid up share capital (50%)	6	20,000,000	20,000,000
Legal reserve		5,498,488	5,498,488
Fair value reserve		976,175	1,046,892
Retained earnings		5,574,585	11,994,397
		-----	-----
Total Shareholders' Equity		32,049,248	38,539,777
		-----	-----
Total Liabilities and Shareholders' Equity		175,459,702	260,442,811
		=====	=====

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

ISLAMIC FINANCIAL SECURITIES COMPANY (QSC)
DOHA - QATAR

INTERIM STATEMENT OF INCOME
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2008

	Note	<u>For the Three Month Period Ended</u>	
		<u>March 31, 2008</u> <u>(Reviewed)</u> QR.	<u>March 31, 2007</u> <u>(Reviewed)</u> QR.
<u>Revenue:</u>			
Brokerage and commission income		9,900,649	3,274,397
Brokerage and commission expense		(3,217,168)	(914,363)
		-----	-----
Brokerage and Commission Income, Net		6,683,481	2,360,034
Income from bank deposits		780,873	588,645
Loss on sale of available-for-sale investments		(2,755)	(1,405,955)
Other income		242,842	161,166
		-----	-----
Net Operating Profit		7,704,441	1,703,890
<u>Expenses:</u>			
General and administrative expenses		(1,887,558)	(2,177,808)
Depreciation expense		(436,695)	(425,762)
		-----	-----
Net Income (loss) for the Period		5,380,188	(899,680)
		=====	=====
Earnings (loss) per share (QR)	7	2.69	(0.44)
		=====	=====

ISLAMIC FINANCIAL SECURITIES COMPANY (QSC)
DOHA - QATAR

INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2008

	Capital	Legal Reserves	Fair Value Reserve	Retained Earnings	Total
	----- QR.	----- QR.	----- QR.	----- QR.	----- QR.
Balance – January 1, 2007	20,000,000	4,445,221	137,089	6,116,995	30,699,305
Net loss for the period	--	--	--	(899,680)	(899,680)
Board of Directors' remuneration	--	--	--	(402,000)	(402,000)
Dividends paid for 2006	--	--	--	(3,200,000)	(3,200,000)
Net movement in fair value reserve	--	--	150,154	--	150,154
	-----	-----	-----	-----	-----
Balance - March 31, 2007 (Reviewed)	20,000,000	4,445,221	287,243	1,615,315	26,347,779
	=====	=====	=====	=====	=====
Balance – January 1, 2008	20,000,000	5,498,488	1,046,892	11,994,397	38,539,777
Net income for the period	--	--	--	5,380,188	5,380,188
Dividends paid for 2007	--	--	--	(11,800,000)	(11,800,000)
Net movement in revaluation reserve	--	--	(70,717)	--	(70,717)
	-----	-----	-----	-----	-----
Balance - March 31, 2008 (Reviewed)	20,000,000	5,498,488	976,175	5,574,585	32,049,248
	=====	=====	=====	=====	=====

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 THREE MONTH PERIOD ENDED MARCH 31, 2008

	For the Three	
	Month Period Ended	
	March 31, 2008	March 31, 2007
	<u>(Reviewed)</u>	<u>(Reviewed)</u>
	QR.	QR.
<u>Cash Flows from Operating Activities:</u>		
Net income for the period	5,380,188	(899,680)
Adjustments for:		
Depreciation expense	436,695	425,762
Employees' end of service benefits	39,770	46,952
Loss from sale of available for sale investments	2,755	1,405,955
	-----	-----
	5,859,408	978,989
Due from customers, prepayment and other debit balances	(17,938,972)	(22,957,657)
Due to customers, accruals and other credit balances	(78,514,769)	(50,194,668)
	-----	-----
Cash Flow Used in Operating Activities	(90,594,333)	(72,173,336)
Employees' end of service benefits paid	(17,581)	--
	-----	-----
Net Cash Flow Used in Operating Activities	(90,611,914)	(72,173,336)
	-----	-----
<u>Cash Flows from Investing Activities:</u>		
Purchase of furniture and equipment	(165,964)	(40,550)
Available for sale investments	(436,078)	3,984,488
	-----	-----
Net Cash Used in Investing Activities	(602,042)	3,943,938
	-----	-----

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

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2008

	For the Three	
	Month Period Ended	
	March 31, 2008	March 31, 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 decrease in cash and bank balances	(103,013,956)	(71,831,398)
Cash and bank balances – beginning of the period	244,248,302	139,093,447
	-----	-----
Cash and bank balances - End of the Period	141,234,346	67,262,049
	=====	=====

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

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2008

1. General information:

Islamic Financial Securities Company “*The Company*” is 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.

The Company decided in the Board of Directors’ meeting held on September 22, 2006 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 were transferred from a closed to a 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 preparation of the annual financial statements for the year ended December 31, 2007. These interim condensed financial statements should be read in conjunction with the 2007 annual financial statements and the notes attached thereto.

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, the results for the three months ended March 31, 2008 are not necessarily indicative of the results that may be expected for the full financial year ending December 31, 2008.

3. Cash and bank balances:

	<u>March 31,</u> <u>2008</u> <u>(Reviewed)</u> <u>QR.</u>	<u>December 31,</u> <u>2007</u> <u>(Audited)</u> <u>QR.</u>
Current accounts	62,775,268	86,349,855
Saving accounts	78,454,078	157,898,447
Cash on hand	5,000	--
Total	141,234,346	244,248,302

4. Due from Customers:

Included in due from customers is a balance of QR 16,104,263 relating to a foreign broker which is guaranteed by one of the international banks.

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5. Due to Customers:

	<u>March 31,</u> <u>2008</u> <u>(Reviewed)</u> <u>QR.</u>	<u>December 31,</u> <u>2007</u> <u>(Audited)</u> <u>QR.</u>
Customers funds*	137,297,217	200,176,681
Unpresented cheques**	5,339,267	19,975,896
Total	142,636,484	220,152,577

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

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

6. Share Capital:

	<u>March 31,</u> <u>2008</u> <u>(Reviewed)</u> <u>QR.</u>	<u>December 31,</u> <u>2007</u> <u>(Audited)</u> <u>QR.</u>
Share capital consists of:		
50% of 4,000,000 shares with a value of QR.10 per share	20,000,000	20,000,000

7. Earnings per Share:

Earnings per share is 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</u> <u>Month Period Ended</u>	
	<u>March 31, 2008</u> <u>(Reviewed)</u> <u>QR.</u>	<u>March 31, 2007</u> <u>(Reviewed)</u> <u>QR.</u>
Net income (loss) for the period (QR)	5,380,188	(899,680)
Weighted average number of shares (50% paid)	2,000,000	2,000,000
Earnings (loss) per share (QR)	2.69	(0.44)

8. Contingent Liabilities:

	<u>March 31,</u> <u>2008</u> <u>(Reviewed)</u> QR.	<u>December 31,</u> <u>2007</u> <u>(Audited)</u> QR.
Letters of guarantee	92,000,000 =====	92,000,000 =====

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