ISLAMIC HOLDING GROUP (Q.S.C.)

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

DOHA - QATAR

CONSOLIDATED FINANCIAL STATEMENTS

AND INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED DECEMBER 31, 2011

ISLAMIC HOLDING GROUP (Q.S.C.)

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

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the year ended December 31, 2011

QR. 80518

INDEPENDENT AUDITOR'S REPORT

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

Introduction

We have audited the accompanying consolidated financial statements of Islamic Holding Group (Q.S.C) (the "Group), which comprise the consolidated statement of financial position as at December 31, 2011 and the consolidated statements of income, comprehensive income, changes in 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements give a true and fair view of the financial position of Islamic Holding Group (Q.S.C) as of December 31, 2011 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 consolidated financial statements provide the information required by the Qatar Commercial Companies' Law No. (5) of 2002 and its amendments and the Company's Articles of Association. We are also of the opinion that proper books of account were maintained by the Group and the contents of the directors' report are in agreement with the Group's consolidated 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 Group's activities or its consolidated financial position.

For **Deloitte & Touche**

January 22, 2012
Doha, Qatar

Midhat Salha
License No. 257

ISLAMIC HOLDING GROUP (Q.S.C.)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at December 31, 2011

	Notes	2011	2010
		QR	QR
ASSETS			
Current assets			
Cash and bank balances	٥	**437,365,341**	35,112,839
Bank balances – customers' funds	6	**130,417,751**	125,534,690
Due from customers	7	**577,511**	4,187,834
Prepayments and other assets	8	**2,670,335**	3,479,159
		571,030,938	168,314,522
Non-current assets			
Property and equipment	9	**1,975,020**	2,441,593
Available-for-sale investments	10	**3,401,074**	2,787,882
		5,376,094	5,229,475
Total assets		**576,407,032**	173,543,997
LIABILITIES AND EQUITY			
Current liabilities			
Due to customers	11	**131,936,557**	127,849,658
Due to a related party from Wakala contracts	12	**400,000,000**	--
Accruals and other liabilities	13	**809,565**	2,549,063
		532,746,122	130,398,721
Non-current liabilities			
Employees' end of service benefits	14	**836,768**	744,452
Total liabilities		**533,582,890**	131,143,173
Equity			
Paid up share capital (75%)	15	**30,000,000**	30,000,000
Legal reserve	16	**8,692,474**	8,228,426
Retained earnings		**224,268**	163,848
Fair value reserve		**(92,600)**	8,550
Proposed dividends		**4,000,000**	4,000,000
Total equity		**42,824,142**	42,400,824
Total liabilities and equity		**576,407,032**	173,543,997

Dr. Khaled Bin Thani Bin Abdulla Al Thani
Chairman

Abdulbasit Ahmad Al-Sheibei
Managing Director

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

ISLAMIC HOLDING GROUP (Q.S.C.)

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

CONSOLIDATED STATEMENT OF INCOME
For the year ended December 31, 2011

	Notes	2011	2010
		QR	QR
Income			
Brokerage and commission income	17	**16,475,356**	14,564,133
Brokerage and commission expense	17	**(4,497,436)**	(3,949,209)
Net brokerage and commission income		**11,977,920**	10,614,924
Income from saving accounts with Islamic banks		**2,227,920**	2,678,809
Gain on sale of available for sale investments	18	**202,415**	411,914
Income from Wakala contracts		**650,000**	385,000
Other income		**10,567**	108,132
Net operating income		**15,068,822**	14,198,779
Expenses			
General and administrative expenses	19	**(9,348,093)**	(9,085,783)
Depreciation expense	9	**(857,126)**	(966,097)
Finance and bank charges		**(223,124)**	(146,815)
Total expenses		**(10,428,343)**	(10,198,695)
Net profit for the year		**4,640,479**	4,000,084
Earnings per share	20	**١.16**	1.00

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the year ended December 31, 2011

	2011	2010
	QR	QR
Net profit for the year	**4,640,479**	4,000,084
Other comprehensive income items:		
Change in fair value of available for sale investments	**(101,150)**	(177,779)
Total comprehensive income for the year	**4,539,329**	3,822,305

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

ISLAMIC HOLDING GROUP (Q.S.C.)

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended December 31, 2011

	Notes	Share capital	Legal reserve	Retained earnings	Fair value reserve	Proposed dividends	Total
		QR	QR	QR	QR	QR.	QR
Balance at January 1, 2010		30,000,000	7,828,418	563,772	186,329	4,000,000	42,578,519
Comprehensive income for the year		--	--	4,000,084	(177,779)	--	3,822,305
Transfer to legal reserve		--	400,008	(400,008)	--	--	--
Dividends paid	21	--	--	--	--	(4,000,000)	(4,000,000)
Proposed dividends		--	--	(4,000,000)	--	4,000,000	--
Balance at December 31, 2010		**30,000,000**	**8,228,426**	**163,848**	**8,550**	**4,000,000**	**42,400,824**
Comprehensive income for the year		--	--	4,640,479	(101,150)	--	4,539,329
Transfer to legal reserve		--	464,048	(464,048)	--	--	--
Provision for sport and social contribution	24	--	--	(116,011)	--	--	(116,011)
Dividends paid	21	--	--	--	--	(4,000,000)	(4,000,000)
Proposed dividends		--	--	(4,000,000)	--	4,000,000	--
Balance at December 31, 2011		**30,000,000**	**8,692,474**	**224,268**	**(92,600)**	**4,000,000**	**42,824,142**

* The Board of Directors in its meeting held on January 22, 2012 proposed to the General Assembly a cash dividends of 13.34% of the paid capital amounting to QR4,000,000 (2010: QR. 4,000,000).

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

...NG GROUP (Q.S.C.)

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended December 31, 2011

	Notes	**2011**	2010
		QR	QR
OPERATING ACTIVITIES			
Profit for the year		**4,640,479**	4,000,084
Adjustments for:			
Depreciation expense		**857,126**	966,097
Finance and bank charges		**223,124**	146,815
Income from saving accounts in Islamic Banks		**(2,227,920)**	(2,678,809)
Gain on sale of available-for-sale investments		**(202,415)**	(414,540)
Impairment on available for sale investments		**--**	5,260
Income from Wakala Contracts		**(650,000)**	--
Loss on sale of property and equipment		**--**	419
Provision for employees end of service benefits		**179,123**	154,452
		2,819,517	2,179,778
Bank balances – customers' funds		**(4,883,061)**	(65,483,740)
Due from customers		**3,610,323**	(3,085,886)
Prepayments and other assets		**808,824**	9,280,623
Due to customers		**4,086,899**	66,351,395
Due to a related party		**400,000,000**	--
Accruals and other liabilities		**(1,855,509)**	(9,428,103)
		404,586,993	(185,933)
End of service benefits paid		**(86,807)**	(32,477)
Net cash generated by /(used in) operating activities		**404,500,186**	(218,410)
INVESTING ACTIVITIES			
Purchases of property and equipment		**(390,553)**	(2,299,355)
Purchase of available-for-sale investments		**(5,645,423)**	(6,321,530)
Proceeds from sale of available-for-sale investments		**5,133,496**	8,314,388
Income from saving accounts with Islamic banks		**2,227,920**	2,678,809
Income from Wakala Contracts		**650,000**	--
Net cash generated by investing activities		**1,975,440**	2,372,312
FINANCING ACTIVITIES			
Finance and bank charges paid		**(223,124)**	(146,815)
Dividends paid		**(4,000,000)**	(4,000,000)
Fixed deposits		**(400,000,000)**	--
Net cash used in financing activities		**(404,223,124)**	(4,146,815)
Net increase/ (decrease) in cash and bank balances		**2,252,502**	(1,992,913)
Cash and bank balances at the beginning of the year		**35,112,839**	37,105,752
Cash and bank balances at the end of the year	5	**37,365,341**	35,112,839

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

1. GROUP'S ACTIVITY

Islamic Financial Securities Company was established as a Qatari Private shareholding Company and registered in the Commercial Registration under No. 26337. The main activity of the Company is providing brokerage services in Qatar Exchange according to the Islamic Sharea'a rules and principles. The Company's activities are governed by 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 obtaining the approval of the Ministry of Economy and Trade on December 26, 2006. The Company shares were listed in Qatar Exchange on March 3, 2008.

Based on the Board of Directors recommendation, The general Assembly resolved 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 approvals of Qatar Financial Markets Authority and 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.

These consolidated financial statements were approved by the Board of Directors on January 22, 2012.

2. ADOPTION OF NEW AND REVISED STANDARDS

2.1 Standards and Interpretations effective in the current period

At the date of authorization of these consolidated financial statements, the following standards and interpretations were effective:

(i) Revised standards:

• IFRS 1 (Revised)	*First time adoption of International Financial Reporting Standards* *- Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters* *- Amendments resulting from May 2010 Annual Improvements to IFRSs*
• IAS 24 (Revised)	*Related Party Disclosures - Revised definition of related parties*
• IAS 27 (Revised)	*Consolidated and Separate Financial Statements - Amendments resulting from May 2010 Annual Improvements to IFRSs*
• IAS 32 (Revised)	*Financial Instruments: Presentation - Amendments relating to classification of rights issues*
• IAS 34 (Revised)	*Interim Financial Reporting - Amendments resulting from May 2010 Annual Improvements to IFRSs*

(ii) Revised Interpretations:

• IFRIC 13	*Customer Loyalty Programmes - Amendments resulting from May 2010 Annual Improvements to IFRSs*
• IFRIC 14	*IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction- November 2009 Amendments with respect to voluntary prepaid contributions*
• IFRIC 19	*Extinguishing Financial Liabilities with Equity Instruments*

The adoption of these standards and Interpretations had no significant effect on the financial statements of the Group for the year ended December 31, 2011, other than certain presentation and disclosure changes.

2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

2.2 Standards and Interpretations in issue not yet effective

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

(i) <u>Revised Standards:</u>

Effective for annual periods beginning on or after July 1, 2011

- IFRS 1 (Revised) — *First time adoption of International Financial Reporting Standards*
  - *Replacement of 'fixed dates' for certain exceptions with 'the date of transition to IFRSs'*
  - *Additional exemption for entities in markets ceasing to suffer from severe hyperinflation*
- IFRS 7 (Revised) — *Financial Instruments Disclosures - Amendments enhancing disclosures about transfers of financial assets*

Effective for annual periods beginning on or after January 1, 2012

- IAS 12 (Revised) — *Income Taxes - Limited scope amendment (recovery of underlying assets)*

Effective for annual periods beginning on or after July 1, 2012 (Early adoption allowed)

- IAS 1 (Revised) — *Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented*

Effective for annual periods beginning on or after January 1, 2013

- IFRS 7 (Revised) — *Financial Instruments Disclosures - Amendments enhancing disclosures about offsetting of financial assets and financial liabilities*
- IAS 19 (Revised) — *Employee Benefits - Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects*
- IAS 27 (Revised) — *Consolidated and Separate Financial Statements (Early adoption allowed) - Reissued as IAS 27 Separate Financial Statements*
- IAS 28 (Revised) — *Investments in Associates (Early adoption allowed) -Reissued as IAS 28 Investments in Associates and Joint Ventures*

Effective for annual periods beginning on or after January 1, 2015

- IFRS 7 (Revised) — *Financial Instruments Disclosures - Amendments requiring disclosures about the initial application of IFRS 9*

2. ADOPTION OF NEW AND REVISED STANDARDS (CONTINUED)

(ii) New Standards:

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

- IFRS 10 — *Consolidated Financial Statements*
- IFRS 11 — *Joint Arrangements*
- IFRS 12 — *Disclosure of Interests in Other Entities*
- IFRS 13 — *Fair Value Measurement*

Effective for annual periods beginning on or after January 1, 2015 (Early adoption allowed)

- IFRS 9 — *Financial Instruments*
  - Classification and measurement of financial assets
  - Accounting for financial liabilities and de-recognition

(iii) New Interpretation:

Effective for annual periods beginning on or after January 1, 2013

- IFRIC 20 — *Stripping Costs in the Production Phase of a Surface Mine*

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 Group in the period of initial application, other than certain presentation and disclosure changes.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

Basis of preparation

The consolidated 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 consolidated financial statements are presented in Qatari Riyals (QR), which is the Group's functional currency.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The consolidated financial statements incorporate the financial statements of Islamic Financial Securities Company (the "subsidiary"). The principal business activity of the subsidiary is to provide brokerage services. The Company owns 100% of the shares of the subsidiary including its assets, liabilities and results of operations.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Consolidation (continued)

Where necessary, adjustments are made to the financial statement of subsidiaries to bring their accounting policies in line with those used by the Company. All intra-company transactions, balances, income and expenses are eliminated on consolidation.

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 reporting date. Financial assets are impaired where there is an 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.

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 consolidated statement of comprehensive 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 consolidated statement of comprehensive income are not reversed through the consolidated statement of comprehensive income. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Available for sale investments
The Group'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. 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 consolidated statement of income.

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

Financial liabilities and equity instruments

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 Group 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 consolidated 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 financial position 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 consolidated statement of income.

Impairment of tangible assets

At each reporting date, the Group 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 Group 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of tangible assets (continued)

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 consolidated 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 consolidated statement of income.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group 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 Group pays contributions to the General Retirement and Pension Authority as a percentage of the Qatari employees' salaries.

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 profit rate applicable.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 consolidated 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

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 consolidated 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 Group classifies investments as financial assets at fair value through profit or loss if the investment was initially acquired for trading purposes. All other investments are classified as available for sale.

Impairment of available for sale investments

The Group 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 Group 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 Group operates and indicates that the investment may have suffered a significant or prolonged decline in the fair value below its cost.

5. CASH AND CASH EQUIVALENTS

	2011 QR	2010 QR
Current accounts	**7,151,796**	3,898
Saving accounts	**30,213,545**	35,108,941
Term deposits	**400,000,000**	--
	437,365,341	35,112,839
Less: Term deposits matures after more than 90 days	**(400,000,000)**	--
	37,365,341	35,112,839

6. BANK BALANCES – CUSTOMERS' FUNDS

Represent 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 parties.

7. DUE FROM CUSTOMERS

	2011 QR	2010 QR
Due from customers	**577,511**	4,187,834
	577,511	4,187,834

Aging of past due but not impaired

	2011 QR	2010 QR
1 – 3 days	**577,511**	4,187,834
Total	**577,511**	4,187,834

8. PREPAYMENTS AND OTHER ASSETS

	2011 QR	2010 QR
Refundable deposits	**2,000,250**	2,000,250
Accrued revenue from deposits with Islamic banks	**--**	979,167
Prepaid expenses	**655,991**	499,742
Other assets	**14,094**	--
	2,670,335	3,479,159

9. PROPERTY AND EQUIPMENT

	Computers, programs and office equipment	Furniture and fixtures	Decorations	Motor vehicles	Total
	QR	QR	QR	QR	QR
Cost					
At January 1, 2010	**5,570,941**	**647,819**	**1,089,463**	**23,777**	**7,332,000**
Additions	2,111,685	2,670	185,000	--	2,299,355
Disposals	(18,709)	--	--	--	(18,709)
At January 1, 2011	**7,663,917**	**650,489**	**1,274,463**	**23,777**	**9,612,646**
Additions	319,690	--	21,863	49,000	390,553
Disposals	(23,850)	--	--	--	(23,850)
At December 31, 2011	**7,959,757**	**650,489**	**1,296,326**	**72,777**	**9,979,349**
Accumulated depreciation					
At January 1, 2010	**4,901,720**	**501,838**	**795,912**	**23,776**	**6,223,246**
Charge for the year	626,711	114,990	224,396	--	966,097
Disposals	(18,290)	--	--	--	(18,290)
At January 1, 2011	**5,510,141**	**616,828**	**1,020,308**	**23,776**	**7,171,053**
Charge for the year	707,660	15,919	132,730	817	857,126
Disposals	(23,850)	--	--	--	(23,850)
At December 31, 2011	**6,193,951**	**632,747**	**1,153,038**	**24,593**	**8,004,329**
Net book value as at:					
At December 31, 2011	**1,765,806**	**17,742**	**143,288**	**48,184**	**1,975,020**
At December 31, 2010	2,153,776	33,661	254,155	1	2,441,593

The following depreciation percentage as used in the calculation of depreciation:

- Computers, programs and office equipment 20%-25%
- Furniture and fixtures 20%
- Decorations 20%
- Motor vehicles 20%

10. AVAILABLE-FOR-SALE INVESTMENTS

	2011	2010
	QR	QR
At January 1	**2,787,882**	4,549,239
Additions	**5,645,423**	6,321,530
Disposals	**(4,931,081)**	(7,905,108)
Changes in fair value	**(101,150)**	(177,779)
At December 31	**3,401,074**	2,787,882

Available-for-sale investments include the following:

	2011	2010
	QR	QR
Listed securities (At fair value)		
Equity securities – Qatar	**631,294**	18,102
Unlisted securities (At cost)		
Equity securities – Qatar	**2,550,000**	2,550,000
Equity securities – Syria	**219,780**	219,780
	3,401,074	2,787,882

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

	2011	2010
	QR	QR
Qatari Riyals	**3,181,294**	2,568,102
Other currencies	**219,780**	219,780
	3,401,074	2,787,882

11. DUE TO CUSTOMERS

	2011	2010
	QR	QR
Customer funds	**131,936,557**	127,849,658

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

12. 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.

During the year, the Group entered into Wakala agreement 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 agreement, the Group will receive a fixed amount against the investment amounting to QR. 120,000.

The following transactions were carried out with related parties:

	2011	2010
	QR	QR
Commission income – net	**807,027**	1,383,133
Profit form Wakala -Mudaraba contracts	**650,000**	385,000

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

Compensation of key management personnel

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

	2011	2010
	QR	QR
Short-term benefits	**1,429,200**	1,396,800

13. ACCRUALS AND OTHER LIABILITIES

	2011	2010
	QR	QR
Accrued expenses	**693,554**	1,669,896
Accrued finance cost	**--**	879,167
Provision for sport and social activities contribution	**116,011**	--
	809,565	2,549,063

14. EMPLOYEES END OF SERVICE BENEFITS

	2011	2010
	QR	QR
At January 1	**744,452**	622,477
Additions	**179,123**	154,452
Payments	**(86,807)**	(32,477)
At December 31	**836,768**	744,452

15. PAIDUP SHARE CAPITAL

	2011	2010
	QR	QR
Authorised 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

16. 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.

17. COMMISSIONS

Commission income:

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

Commission expenses:

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

18. GAIN ON SALE OF AVAILABLE FOR SALE INVESTMENTS

	2011	2010
	QR	QR
Gain from sale of available-for-sale investments	**202,415**	411,914

19. GENERAL AND ADMINISTRATIVE EXPENSES

	2011	2010
	QR	QR
Salaries and other staff costs	**5,568,087**	5,764,285
Rental charges	**1,072,406**	1,116,994
Board of Directors remuneration	**225,000**	200,000
QE penalties	**--**	25,000
Communication	**702,126**	637,416
Marketing and advertising	**326,674**	150,785
Electronic connection	**174,886**	200,180
Travel	**182,356**	206,883
Professional and legal fees	**239,678**	190,000
Insurance	**--**	124,375
Miscellaneous expenses	**856,880**	469,865
	9,348,093	9,085,783

20. 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:

	2011	2010
Net income for the year (QR.)	**4,640,479**	4,000,084
Weighted average number of shares	**4,000,000**	4,000,000
Basic and diluted earnings per share (QR.)	**1.16**	1.00

21. DIVIDEND PAID

During the year, a cash dividend amounting to QR 4,000,000 was paid from 2010 profits (2010: QR 4,000,000 from 2009 profits).

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

Capital risk

The Group 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 Group consists of equity, comprising issued capital, reserves and retained earnings.

Market risk

Market risk is the risk that changes in market prices, as equity prices will affect the Group'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 Group's available-for-sale investments is expected to result in an increase or decrease of QR. 340,107 in the assets and equity of the Group.

Liquidity risk management

Liquidity risk is the risk that the Group 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 Group'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 financial position date. The quoted market price used for financial assets held by the Group is the current bid price.

23. COMMITMENTS AND CONTINGENT LIABILITIES

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

	2011	2010
	QR	QR
Letters of guarantee	**485,000,000**	60,000,000

24. PROVISION FOR SPORTS AND SOCIAL ACTIVITIES CONTRIBUTION

During the year, and in accordance with Law No. 13 of 2008, the Group has taken a provision for the support of sports, social, cultural and charitable activities for an amount equivalent of 2.5% of the net profit of the Company for the year ended December 31, 2011.

25. SEGMENT ANALYSIS

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