

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

**INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTH PERIOD ENDED**  
**MARCH 31, 2009**  
**TOGETHER WITH INDEPENDENT**  
**AUDITOR'S REVIEW REPORT**

**ISLAMIC FINANCIAL SECURITIES COMPANY (Q.S.C)**

**INTERIM CONDENSED FINANCIAL STATEMENTS**

For the three month period ended March 31, 2009

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## INDEPENDENT AUDITOR'S REVIEW REPORT

**The Chairman and the Board of Directors  
Islamic Financial Securities Company (Q.S.C)  
Doha – Qatar**

### *Introduction*

We have reviewed the accompanying interim condensed financial statements of Islamic Financial Securities Company (QSC), which comprise the statement of financial position as of March 31, 2009 and the interim condensed statements of income, comprehensive 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 condensed 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.

### *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 condensed financial statements consists of making inquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with **International Accounting Standard No. (34), "Interim Financial Reporting"**.

**For Deloitte & Touche**

**Doha - Qatar  
April 16, 2009**

**Muhammad O. Bahemia  
License No. 103**

**ISLAMIC FINANCIAL SECURITIES COMPANY (Q.S.C)**

**INTERIM STATEMENT OF FINANCIAL POSITION**

As at March 31, 2009

	<b>Note</b>	<b>March 31, 2009 (Reviewed) QR.</b>	<b>December 31, 2008 (Audited) QR.</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and bank balances	3	<b>632,127,145</b>	640,193,145
Bank balances – customers’ funds	4	<b>69,713,927</b>	107,347,428
Due from customers		<b>373,258</b>	--
Due from Doha Securities Market		<b>4,927,783</b>	977,671
Prepayments and other debit balances	5	<b>10,192,697</b>	3,502,700
<b>Total Current Assets</b>		<b>717,334,810</b>	752,020,944
<b>Non-Current Assets:</b>			
Available-for-sale investments		<b>4,299,838</b>	4,742,188
Property and equipments		<b>2,095,552</b>	2,471,393
<b>Total Non-Current Assets</b>		<b>6,395,390</b>	7,213,581
<b>Total Assets</b>		<b>723,730,200</b>	759,234,525
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Due to customers	6	<b>78,218,111</b>	111,489,545
Due to a related party from Mudaraba contracts	7	<b>607,076,640</b>	600,150,000
Accruals and other credit balances		<b>75,731</b>	2,875,747
<b>Total Current Liabilities</b>		<b>685,370,482</b>	714,515,292
Employees' end of service benefits		<b>504,775</b>	518,836
<b>Total liabilities</b>		<b>685,875,257</b>	715,034,128
<b>Shareholders' Equity</b>			
Paid up share capital	8	<b>30,000,000</b>	20,000,000
Retained earnings		<b>760,022</b>	185,476
Legal reserve		<b>7,341,941</b>	7,341,941
Fair value reserve		<b>(247,020)</b>	72,980
Proposed dividends		--	16,600,000
<b>Total Shareholders' Equity</b>		<b>37,854,943</b>	44,200,397
<b>Total Liabilities and Shareholders' Equity</b>		<b>723,730,200</b>	759,234,525

**Khaled Bin Thani Bin Abdulla Al Thani**  
Chairman

**Abdul-Basit Ahmad Al-Sheibi**  
Managing Director

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

**ISLAMIC FINANCIAL SECURITIES COMPANY (Q.S.C)****INTERIM STATEMENT OF INCOME**

For the three month period ended March 31, 2009

	<u>Note</u>	<u>For the three month period ended</u>	
		<u>March 31, 2009</u>	<u>March 31, 2008</u>
		<u>(Reviewed)</u>	<u>(Reviewed)</u>
		<u>QR.</u>	<u>QR.</u>
<b>Revenue</b>			
Brokerage and commission income		<b>2,658,767</b>	9,900,649
Brokerage and commission expense		<b>(636,578)</b>	(3,217,168)
<b>Brokerage and commission income, net</b>		<b>2,022,189</b>	6,683,481
Income from deposits with Islamic banks		<b>546,449</b>	780,873
Loss on investments		<b>(122,350)</b>	(2,755)
Income from Mudaraba contracts		<b>706,699</b>	--
Other income		<b>92,891</b>	242,842
<b>Net operating profit</b>		<b>3,245,878</b>	7,704,441
<b>Expenses</b>			
General and administrative expenses		<b>(2,207,576)</b>	(1,823,027)
Depreciation expense		<b>(394,956)</b>	(436,695)
Finance and bank charges		<b>(68,800)</b>	(64,531)
<b>Total expenses</b>		<b>(2,671,332)</b>	(2,324,253)
<b>Net income for the period</b>		<b>574,546</b>	5,380,188
<b>Earnings per share</b>	9	<b>0.14</b>	1.35

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

**ISLAMIC FINANCIAL SECURITIES COMPANY (Q.S.C)**

**INTERIM STATEMENT OF COMPREHENSIVE INCOME**

For the three month period ended March 31, 2009

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	<b><u>For the three month period ended</u></b>	
	<b>March 31, 2009</b>	<b>March 31, 2008</b>
	<b>(Reviewed)</b>	<b>(Reviewed)</b>
	<b>QR.</b>	<b>QR.</b>
<b>Net profit for the period</b>	<b>574,546</b>	<b>5,380,188</b>
<b>Other comprehensive income</b>		
Net loss on revaluation of available for sale investments	<b>(320,000)</b>	<b>(70,717)</b>
<b>Total other comprehensive income for the period</b>	<b>254,546</b>	<b>5,309,471</b>

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

**ISLAMIC FINANCIAL SECURITIES COMPANY (Q.S.C)**

**INTERIM STATEMENT OF CHANGES IN EQUITY**

For the three month period ended March 31, 2009

	<u>Capital</u>	<u>Retained Earnings</u>	<u>Legal Reserves</u>	<u>Fair Value Reserve</u>	<u>Proposed Dividends</u>	<u>Total</u>
	QR.	QR.	QR.	QR.	QR.	QR.
<b>Balance – January 1, 2008 (Audited)</b>	<b>20,000,000</b>	<b>11,994,397</b>	<b>5,498,488</b>	<b>1,046,892</b>	--	<b>38,539,777</b>
Comprehensive income for the period	--	5,380,188	--	(70,717)	--	5,309,471
Dividends paid for 2007	--	(11,800,000)	--	--	--	(11,800,000)
<b>Balance - March 31, 2008 (Reviewed)</b>	<b>20,000,000</b>	<b>5,574,585</b>	<b>5,498,488</b>	<b>976,175</b>	--	<b>32,049,248</b>
<b>Balance – January 1, 2009 (Audited)</b>	<b>20,000,000</b>	<b>185,476</b>	<b>7,341,941</b>	<b>72,980</b>	<b>16,600,000</b>	<b>44,200,397</b>
Comprehensive income for the period	--	574,546	--	(320,000)	--	254,546
Transferred to share capital *	10,000,000	--	--	--	(10,000,000)	--
Dividends paid for 2008	--	--	--	--	(6,600,000)	(6,600,000)
<b>Balance - March 31, 2009 (Reviewed)</b>	<b>30,000,000</b>	<b>760,022</b>	<b>7,341,941</b>	<b>(247,020)</b>	--	<b>37,854,943</b>

\* The Ordinary General Assembly meeting held on February 3, 2009 agreed on the suggestion made by the Board of Directors to increase the authorized share capital by QR. 10,000,000.

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

**ISLAMIC FINANCIAL SECURITIES COMPANY (Q.S.C)**

**INTERIM STATEMENT OF CASH FLOWS**

For the three month period ended March 31, 2009

	<b>For the three month period ended</b>	
	<b>March 31, 2009</b>	<b>March 31, 2008</b>
	<b>Note</b>	<b>(Reviewed)</b>
	<b>QR.</b>	<b>QR.</b>
<b>OPERATING ACTIVITIES</b>		
Net income for the period	<b>574,546</b>	5,380,188
Adjustments for:		
Depreciation expense	<b>394,956</b>	436,695
Finance and bank charges	<b>68,800</b>	64,531
Income from deposits with Islamic banks	<b>(546,449)</b>	(780,873)
Loss on available for sale investments	<b>--</b>	2,755
Income from Mudaraba contracts	<b>(706,699)</b>	--
Impairment losses on available for sale investments	<b>122,350</b>	--
Provision for employees' end of service benefits	<b>41,836</b>	39,770
	<b>(50,660)</b>	5,143,066
Bank balances – customers' funds	<b>37,633,501</b>	57,243,234
Due from customers	<b>(373,258)</b>	24,854,368
Due from Doha Securities Market	<b>(3,950,112)</b>	(18,541,359)
Prepayments and other assets	<b>(6,689,997)</b>	602,387
Due to customers	<b>(33,271,434)</b>	(62,879,464)
Due to a related party from Mudaraba contracts	<b>6,926,640</b>	--
Accrued expenses and other liabilities	<b>(2,800,016)</b>	(998,676)
	<b>(2,575,336)</b>	5,423,556
Employees' end of service benefits paid	<b>(55,897)</b>	(17,581)
<b>Net cash (used in) / from operating activities</b>	<b>(2,631,233)</b>	5,405,975
<b>INVESTING ACTIVITIES</b>		
Purchases of property and equipment	<b>(19,115)</b>	(165,964)
Purchases of available for sale investments	<b>--</b>	(543,404)
Proceeds from sale of available for sale investments	<b>--</b>	317,325
Income from Mudaraba contracts	<b>706,699</b>	--
Income from deposits with Islamic banks	<b>546,449</b>	780,873
<b>Net Cash Used in Investing Activities</b>	<b>1,234,033</b>	388,830

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



ISLAMIC FINANCIAL SECURITIES COMPANY (Q.S.C)

INTERIM STATEMENT OF CASH FLOWS

For the three month period ended March 31, 2009

	<b>For the three month period ended</b>	
	<b>March 31, 2009</b>	March 31, 2008
<b>Note</b>	<b>(Reviewed)</b>	<b>(Reviewed)</b>
	<b>QR.</b>	<b>QR.</b>
<b>FINANCING ACTIVITIES</b>		
Finance and bank charges	<b>(68,800)</b>	(64,531)
Dividends paid	<b>(6,600,000)</b>	(11,800,000)
<b>Net Cash Used in Financing Activities</b>	<b>(6,668,800)</b>	(11,864,531)
Net decrease in cash and bank balances	<b>(8,066,000)</b>	(6,069,726)
Cash and bank balances – beginning of the period	<b>640,193,145</b>	29,119,013
<b>Cash and bank balances - End of the Period</b>	<b>632,127,145</b>	23,049,287

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

# ISLAMIC FINANCIAL SECURITIES COMPANY (Q.S.C)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the three month period ended March 31, 2009

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### 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.

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 interim condensed financial statements were approved by the board of directors and authorised for issue on April 16, 2009.

### 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, 2008, except the following:

#### **IAS 1 (Revised), “Presentation of Financial Statements”**

This revised standard, effective for annual periods beginning on or after 1 January 2009, has introduced a number of terminology changes (including revised titles for the condensed financial statements) and has resulted in a number of changes in presentation and disclosure. However, the revised standard has had no impact on the reported results or financial position of the Company.

These interim condensed financial statements should be read in conjunction with the 2008 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 month period ended March 31, 2009 are not necessarily indicative of the results that may be expected for the full financial year ending December 31, 2009.

## ISLAMIC FINANCIAL SECURITIES COMPANY (Q.S.C)

### NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the three month period ended March 31, 2009

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#### 3. CASH AND BANK BALANCES

	<b>March 31, 2009</b>	December 31, 2008
	<b>(Reviewed)</b>	(Audited)
	<b>QR.</b>	QR.
Cash on hand	<b>5,000</b>	--
Current accounts with banks	<b>154,890</b>	--
Saving accounts	<b>631,967,255</b>	640,193,145
<b>Total</b>	<b>632,127,145</b>	640,193,145

#### 4. BANK BALANCES – CUSTOMERS’ FUNDS

Represents bank balances for the customers, which the Company holds in trust until the customers commit those funds to the purchase of shares following which the Company transfers the committed funds to the Company’s bank accounts and settles with the settlement authority.

#### 5. PREPAYMENTS AND OTHER ASSETS

	<b>March 31, 2009</b>	December 31, 2008
	<b>(Reviewed)</b>	(Audited)
	<b>QR.</b>	QR.
Accrued revenues from Mudaraba contracts	<b>6,641,528</b>	--
Refundable deposits	<b>2,352,874</b>	2,000,150
Accrued revenues from deposits with Islamic banks	<b>488,838</b>	964,749
Prepaid expenses	<b>706,506</b>	515,327
Others	<b>2,951</b>	22,474
<b>Total</b>	<b>10,192,697</b>	3,502,700

#### 6. DUE TO CUSTOMERS

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

# ISLAMIC FINANCIAL SECURITIES COMPANY (Q.S.C)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the three month period ended March 31, 2009

### 7. DUE TO A RELATED PARTY FROM MUDARABA CONTRACTS

During the year 2008, the Company entered into 4 Mudaraba agreements with Qatar Islamic International Bank (the "Bank"), whereby the Company invests a total amount of QR. 600,000,000 on behalf of the Bank for a share that varies between 4.5% - 6.5% of the Mudaraba investment income.

### 8. SHARE CAPITAL

	<b>March 31, 2009</b> <b>(Reviewed)</b>	December 31, 2008 <b>(Audited)</b>
	<b>QR.</b>	QR.
Authorized and issued share capital: 4,000,000 shares with a value of QR.10 per share	<b>40,000,000</b>	40,000,000
Percentage of paid-up capital	<b>75%</b>	50%
Paid-up share capital (QR.)	<b>30,000,000</b>	20,000,000

During the period, the Company transferred an amount of QR. 10,000,000 from proposed cash dividends to share capital in order to cover 50% of the un-paid portion of the authorized share capital after obtaining the approval of the shareholders during the General Assembly Meeting held on February 3, 2009.

### 9. 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:

	<b><u>For the three months period ended</u></b>	
	<b>March 31, 2009</b> <b>(Reviewed)</b>	March 31, 2008 <b>(Reviewed)</b>
Net income (loss) for the period (QR)	<b>574,546</b>	5,380,188
Weighted average number of shares	<b>4,000,000</b>	4,000,000
Earnings (loss) per share (QR)	<b>0.14</b>	1.35

# ISLAMIC FINANCIAL SECURITIES COMPANY (Q.S.C)

## NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS

For the three month period ended March 31, 2009

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### 10. RELATED PARTIES TRANSACTIONS

These represent transactions with related parties, such as the major shareholders, senior management of the Company and the companies of which they are the principal owners.

During the period, related parties transactions were as follows:

	<b><u>For the three months period ended</u></b>	
	<b>March 31, 2009</b>	March 31, 2008
	<b>(Reviewed)</b>	(Reviewed)
	<b>QR.</b>	QR.
Commission income, net	<b>100,177</b>	674,455
Returned commissions	<b>(48,809)</b>	(381,640)
Income from Mudaraba contracts	<b>706,699</b>	--

### 11. KEY MANAGEMENT REMUNERATION

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

	<b><u>For the three months period ended</u></b>	
	<b>March 31, 2009</b>	March 31, 2008
	<b>(Reviewed)</b>	(Reviewed)
	<b>QR.</b>	QR.
Short term benefits	<b>48,000</b>	48,000

### 12. CONTINGENT LIABILITIES

	<b>March 31, 2009</b>	December 31, 2008
	<b>(Reviewed)</b>	(Audited)
	<b>QR.</b>	QR.
Letters of guarantee	<b>697,500,000</b>	692,500,000