Islamic Financial Securities Company(Q.S.C.)

FINANCIAL STATEMENTS

31 DECEMBER 2007

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ISLAMIC FINANCIAL SECURITIES COMPANY (Q.S.C.)

We have audited the accompanying financial statements of Islamic Financial Securities Company (Q.S.C.) (the "Company") which comprise the balance sheet as at 31 December 2007 and the income statement, statement of changes in equity and cash flow statement 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.

Auditors' 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 auditors' judgement, 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 for 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 present fairly, in all material respects, the financial position of the Company as of 31 December 2007 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on legal and other requirements

Furthermore, in our opinion proper books of account have been kept by the Company, and the financial statements comply with the Qatar Commercial Companies' Law No. 5 of 2002, and the Company's Articles of Association. We have obtained all the information and explanations we required for the purpose of our audit, and are not aware of any violations of the above mentioned law or the Articles of Association having occurred during the year which might have had a material effect on the business of the Company or on its financial position.

Firas Qoussous
of Ernst & Young
Auditor's Registration No. 236

Date: 4 February 2008
Doha

INCOME STATEMENT
Year Ended 31 December 2007

	Notes	**2007 QR**	2006 QR
Commission income		**23,755,627**	20,715,024
Commission expense		**(7,200,448)**	(7,662,208)
NET COMMISSION INCOME		**16,555,179**	13,052,816
Profit from bank accounts		**4,027,031**	3,714,882
Net (loss) profit on sale of investments		**(636,707)**	(5,066,325)
Dividend income		**-**	27,750
Other income		**534,191**	456,945
TOTAL OPERATING INCOME		**20,479,694**	12,186,068
General and administrative expenses	3	**(8,062,966)**	(6,762,418)
Depreciation charge	4	**(1,708,710)**	(1,264,882)
Finance cost		**(124,925)**	(69,739)
Miscellaneous expenses		**(50,424)**	(42,146)
TOTAL OPERATING EXPENSES		**(9,947,025)**	(8,139,185)
PROFIT FOR THE YEAR		**10,532,669**	4,046,883
Earnings per share			
Basic (QR)	15	**2.63**	2.02
Dividend (QR)	15	**2.63**	2.02

The attached notes 1 to 18 form part of these financial statements

BALANCE SHEET
At 31 December 2007

	Notes	***2007*** ***QR***	*2006* *QR*
ASSETS			
Non-current assets			
Furniture and equipment	4	**4,154,577**	5,570,468
Available-for-sale investments	6	**1,050,000**	-
		5,204,577	5,570,468
Current assets			
Accounts receivable and prepayments	5	**8,832,437**	7,257,325
Available-for-sale investments	6	**2,157,495**	7,230,507
Cash and bank balances	7	**244,248,302**	168,187,038
		255,238,234	182,674,870
TOTAL ASSETS		**260,442,811**	188,245,338
EQUITY AND LIABILITIES			
Equity			
Paid up share capital (50%)	8	**20,000,000**	20,000,000
Legal reserve	9	**5,498,488**	4,445,221
Retained earnings		**11,994,397**	6,116,995
Fair value reserve		**1,046,892**	137,089
Total equity		**38,539,777**	30,699,305
Non-current liabilities			
Employees' end of service benefits	10	**371,166**	223,703
Current liabilities			
Accounts payable and accruals	11	**201,555,972**	128,228,739
Bank overdrafts	7	**19,975,896**	29,093,591
		221,531,868	157,322,330
Total liabilities		**221,903,034**	157,546,033
TOTAL EQUITY AND LIABILITIES		**260,442,811**	188,245,338

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Thani Bin Abdullah Al Thani
Chairman

Khalid Bin Thani Bin Abdullah Al Thani
Vice Chairman and Chief Executive

The attached notes 1 to 18 form part of these financial statements

CASH FLOW STATEMENT

Year Ended 31 December 2007

	Note	***2007 QR***	*2006 QR*
OPERATING ACTIVITIES			
Profit for the year		**10,532,669**	4,046,883
Adjustments for:			
Depreciation	4	**1,708,710**	1,264,882
Finance costs		**124,925**	69,739
Employees' end of service benefits	10	**148,408**	172,339
Net loss on sale of financial securities		**636,707**	5,066,325
Net bad debts written off		**-**	56,931
Loss on disposal of furniture, equipment and vehicles		**-**	2,500
		13,151,419	10,679,599
Working capital changes			
Accounts receivable and prepayments		**(1,575,112)**	12,411,464
Accounts payable and accruals		**73,327,233**	21,840,595
Cash from operations		**84,903,540**	44,931,658
Finance costs		**(124,925)**	(69,739)
Employees' end of service benefits paid	10	**(945)**	(48,267)
Net cash from operating activities		**84,777,670**	44,813,652
INVESTING ACTIVITIES			
Purchase of furniture and equipment	4	**(292,819)**	(4,432,820)
Purchase of available-for-sale investments		**(5,217,440)**	(8,051,037)
Purchase of held for trading investments		**-**	(6,734,803)
Proceeds from sale of held for trading investments		**-**	11,032,254
Proceeds from sale of available-for-sale investments		**9,513,548**	1,296,136
Proceeds from sale of furniture and equipments		**-**	142,000
Non-cash items from purchase of investments		**-**	(22,076)
Net cash from (used in) investing activities		**4,003,289**	(6,770,346)
FINANCING ACTIVITIES			
Dividends paid	14	**(3,200,000)**	(14,800,000)
Board of directors remuneration		**(402,000)**	(840,000)
Net cash used in financing activities		**(3,602,000)**	(15,640,000)
INCREASE IN CASH AND CASH EQUIVALENTS		**85,178,959**	22,403,306
Cash and cash equivalents at 1 January	7	**139,093,447**	116,690,141
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	7	**224,272,406**	139,093,447

The attached notes 1 to 18 form part of these financial statements

CASH FLOW STATEMENT (continued)
Year Ended 31 December 2007

The following non-cash items were included in the cash flow statement:

	2007 ***QR***	*2006* *QR*
Net losses on operation mistakes	-	107,114
Net profits on operation mistakes	-	(50,183)
Net debts written off	-	56,931
Non-cash items from purchase of investments	-	(22,076)

The attached notes 1 to 18 form part of these financial statements

STATEMENT OF CHANGES IN EQUITY
Year Ended 31 December 2007

	Notes	*Share capital QR*	*Legal reserve QR*	*Fair value reserve QR*	*Retained earnings QR*	*Total QR*
For the year ended 31 December 2007						
Balance at 1 January 2007		20,000,000	4,445,221	137,089	6,116,995	30,699,305
BOD remuneration		-	-	-	(402,000)	(402,000)
Net change in fair value reserve		-	-	909,803	-	909,803
Total income and expense for the year directly included in shareholders' equity		-	-	909,803	(402,000)	507,803
Profit for the year		-	-	-	10,532,669	10,532,669
Total income and expenses for the year		-	-	909,803	10,130,669	11,040,472
Dividend paid against for 2006		-	-	-	(3,200,000)	(3,200,000)
Transfer to legal reserve		-	1,053,267	-	(1,053,267)	-
Balance at 31 December 2007		**20,000,000**	**5,498,488**	**1,046,892**	**11,994,397**	**38,539,777**

The attached notes 1 to 18 form part of these financial statements

STATEMENT OF CHANGES IN EQUITY (continued)
Year Ended 31 December 2007

	Notes	*Share capital QR*	*Legal reserve QR*	*Fair value reserve QR*	*Retained earnings QR*	*Total QR*
For year ended 31 December 2006						
Balance at 1 January 2006		10,000,000	4,040,533	-	28,114,800	42,155,333
BOD and Shari'a Committee remuneration paid for 2005		-	-	-	(840,000)	(840,000)
Net change in fair value reserve		-	-	137,089	-	137,089
Total and expense for the year directly included in shareholders' equity		-	-	137,089	(840,000)	(702,911)
Profit for the year		-	-	-	4,046,883	4,046,883
Total income and expenses for the year		-	-	137,089	3,206,883	3,343,972
Dividend paid for 2005		-	-	-	(14,800,000)	(14,800,000)
Bonus shares issue for 2005		10,000,000	-	-	(10,000,000)	-
Transfer to legal reserve		-	404,688	-	(404,688)	-
Balance at 31 December 2006		20,000,000	4,445,221	137,089	6,116,995	30,699,305

The attached notes 1 to 18 form part of these financial statements

1 ACTIVITIES

Islamic Financial Securities Company (Qatari Public Shareholding Company) is registered and incorporated in Qatar and is 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 15 June 2003.

The Company has decided on the Board of Directors meeting number 22 on 22 September 2006 to transform to a public Qatari shareholding company. The Company has obtained the approval of the Ministry of Economy & Commerce on 26 December 2006.

The financial statements of Islamic Financial Securities Company (Q.S.C.) for the year ended 31 December 2007 were authorised for issue on 4 February 2008.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation
The financial statements have been prepared in accordance with International Financial Reporting Standards and applicable requirements of Qatar Commercial Companies' Law N. 5 of 2002.

The financial statements have been presented in Qatar Riyals.

The financial statements are prepared under the historical cost convention, modified to include the measurement at fair value of available for sale investments and instruments held for trading.

Changes in accounting policies
The accounting policies adopted are consistent with those of the previous year except as follows:

The Company has adopted the following new and amended IFRS and IFRIC interpretations during the year. Adoption of these revised standards and interpretations did not have any effect on the financial performance or position of the Company. They did however give rise to additional disclosures, including in some cases, revisions to accounting policies.

- IFRS 7 Financial Instruments: Disclosures
- IAS 1 Amendment - Presentation of Financial Statements

IFRS 7 Financial Instruments: Disclosures
This standard requires disclosures that enable users of the financial statements to evaluate the significance of the Company's financial instruments and the nature and extent of risks arising from those financial instruments. The new disclosures are included throughout the financial statements. While there has been no effect on the financial position or results, comparative information has been revised where needed.

IAS 1 Presentation of Financial Statements
This amendment requires the Company to make new disclosures to enable users of the financial statements to evaluate the Company's objectives, policies and processes for managing capital.

Future changes in accounting policies
Standards issued but not yet effective

IAS 23 Borrowing Costs
A revised IAS 23 Borrowing costs was issued in March 2007, and becomes effective for financial years beginning on or after 1 January 2009. The standard has been revised to require capitalisation of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. In accordance with the transitional requirements in the Standard, the Company will adopt this as a prospective change. Accordingly, borrowing costs will be capitalised on qualifying assets with a commencement date after 1 January 2009. No changes will be made for borrowing costs incurred to this date that have been expensed.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 8 Operating Segments
IFRS 8 Operating Segments was issued by the IASB in November 2006, becoming effective for periods commencing on or after 1 January 2009. The new standard may require changes in the way the company discloses information about its operating segments.

Revenue recognition
Commissions are accounted for on the completion of the brokerage deal. It is calculated in accordance with rates stated by Doha Securities Market.

Deposits profit is recognised as the profits accrues.

Dividend revenue is recognised when the right to receive the dividend is established.

Furniture and equipment
Furniture and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is calculated on a straight line basis over the estimated useful lives of assets as follows:

Office equipment	4-5 years
Furniture and fixtures	5 years
Decorations	5 years
Motor vehicles	5 years

The carrying amounts are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Expenditure incurred to replace a component of an item of furniture and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of furniture and equipment. All other expenditure is recognised in the income statement as the expense is incurred.

Impairment and uncollectibility of financial assets
An assessment is made at each balance sheet date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the income statement. Impairment is determined as follows:

(a) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in the income statement;
(b) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
(c) For assets carried at amortised cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

2 SIGNIFICANT ACCOUNTING POLICIES (continued)

Available-for-sale investments
Available-for-sale investments are recognised initially at cost and measured subsequently at fair value, except in case where fair value cannot be reliably measured.

Changes in fair value are recognised directly in equity. In case of significant decline in fair value by 20% or more in case of prolonged decline for one year or more or when the investment is disposed, the cumulative gain or loss previously recorded in equity is recognised in the income statement.

Fair value of available-for-sale investments are determined using market best closing bid price at the balance sheet date. For investments where there is no active market, fair value is determined using the present value of expected cash flows or any other method used. In the absence of any reliable method for measuring these investments, they are included at cost less any impairment

Held of trading investments
All investments are initially recognised at cost, being the fair value of the consideration given including acquisition charges associated with the investment.

After initial recognition, held for trading investments are measured at fair value, with unrealised gain or losses being recognised to income statement.

Accounts receivable
Accounts receivable are stated at original invoice amount less a provision for any uncollectible amount. An estimate for doubtful accounts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Cash and cash equivalents
Cash and cash equivalents consist of cash in hand, bank balances and bank overdrafts.

Accounts payable and accruals
Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions
Provisions are recognised when the Company has an obligation (Legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and able to be reliably measured.

Employees' end of service benefits
The Company provides end of service benefits to its employees. The entitlement to these benefits is based upon the employees' final salary and length of service, subject to the completion of a minimum service period. The benefits is provided as per the Qatari labour law and is payable upon the resignation or termination of the employee. The expected costs of these benefits are accrued over the period of employment.

Company contribution to Qatari Retirement Fund
The Company pay contributions to the General Authority of Retirement & Pension as a percentage of the Qatari employees salaries, in compliance with Law Number 24 of 2002. The Company's obligations are limited to contribution which recognised as an expense when it is incurred.

Fair values
For investments traded in an active market, fair value is determined by reference to quoted market bid prices. For unquoted equity investments, fair value is determined by reference to the market value of a similar investment or is based on the expected discounted cash flows.

3 GENERAL AND ADMINISTRATIVE EXPENSES

	2007	*2006*
	QR	*QR*
Salaries and allowances	**2,670,012**	3,160,632
Rent	**990,268**	933,068
BOD Communication expenses	**566,582**	430,992
BOD and Sharia's Board remuneration	**700,000**	-
Employees' end of service benefits	**178,029**	224,979
Advertisement expenses	**114,900**	199,326
Staff bonus	**527,460**	98,683
Printing and stationery	**58,348**	111,837
Governmental expenses	**40,730**	14,643
Electric connections fee	**700,000**	200,000
Miscellaneous expenses	**36,650**	
Other expenses	**1,479,987**	1,388,258
	8,062,966	6,762,418

4 FURNITURE AND EQUIPMENT

	Office equipment QR	*Furniture and fixtures QR*	*Decorations QR*	*Motor vehicles QR*	*Total QR*
Cost:					
At 1 January 2007	5,533,973	647,681	962,868	23,777	7,168,299
Additions	150,419	60,375	82,025	-	292,819
At 31 December 2007	5,684,392	708,056	1,044,893	23,777	7,461,118
Depreciation:					
At 1 January 2007	1,195,072	182,193	207,341	13,225	1,597,831
Depreciation charge for the year	1,377,559	131,113	195,283	4,755	1,708,710
At 31 December 2007	2,572,631	313,306	402,624	17,980	3,306,541
Net carrying amount					
At 31 December 2007	**3,111,761**	**394,750**	**642,269**	**5,797**	**4,154,577**

4 FURNITURE AND EQUIPMENT (continued)

	Office equipment QR	*Furniture and fixtures QR*	*Decorations QR*	*Motor vehicles QR*	*Total QR*
Cost:					
At 1 January 2006	1,728,658	638,801	344,243	193,777	2,905,479
Additions	3,805,315	8,880	618,625	-	4,432,820
Disposals	-	-	-	(170,000)	(170,000)
At 31 December 2006	5,533,973	647,681	962,868	23,777	7,168,299
Depreciation:					
At 1 January 2006	226,522	54,292	66,327	11,308	358,449
Depreciation charge for the year	968,550	127,901	141,014	27,417	1,264,882
Disposals	-	-	-	(25,500)	(25,500)
At 31 December 2006	1,195,072	182,193	207,341	13,225	1,597,831
Net carrying amount					
At 31 December 2006	4,338,901	465,488	755,527	10,552	5,570,468

5 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2007 QR	*2006 QR*
Trade accounts receivable	**4,761,560**	3,523,990
Prepaid expenses and other debit balances	**2,612,148**	2,761,518
Accrued bank accounts profits	**1,458,729**	971,817
	8,832,437	7,257,325

As at 31 December, the ageing of unimpaired trade receivables is as follows:

			Past due but not impaired	
	Total QR	*Neither past due nor impaired QR*	*90 – 100 days QR*	*Over 180 day QR*
2007	**4,761,566**	4,761,560	-	-
2006	**3,523,990**	3,523,990	-	-

Unimpaired receivables are expected, on the basis of past experience, to be fully recoverable. It is not the practice of the Company to obtain collateral over receivables and the receivables are, therefore, unsecured

6 AVAILABLE-FOR-SALE INVESTMENTS

	2007	*2006*
	QR	*QR*
Unquoted shares	**1,050,000**	-
Quoted shares	**2,157,495**	7,230,507
	3,702,495	7,230,507

The unquoted shares represents the company's share in Mackeen Investment and Real Estate development company. (Q.C.S.C) and it is a closed Qatari shareholding Company engaged in properties development activities

The quoted shares include frozen shares by QR 2,136,000 (2006: QR 1,232,000) because the Islamic Financial Securities company is one of the founders of the company. Also the Quoted shares include frozen shares by QR 21,500 (2006 : QR 15,706) because the company is one of the board of directors in the investor company.

Also the quoted shares include restricted shares by QR 21,500 (2006 : QR 5,700) because the Company the is one of the Board of directors in the investee company.

7 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows include the following balance sheet amounts:

	2007	*2006*
	QR	*QR*
Bank balances and cash	**244,248,302**	168,187,038
Bank overdrafts	**(19,975,896)**	(29,093,591)
	224,272,406	139,093,447

8 CAPITAL

	2007	*2006*
	QR	*QR*
Paid up share capital (50%)	**20,000,000**	20,000,000

The company increased the authorized capital as at 31 December 2007 up to 4 millions shares (2006: 2 Million shares) with a nominal value of QR 10 per share (2006: QR 10) and the issued share capital equal of 4 million (2006: 2 Million share). The payment of which QR 20 Million (2006: QR 20 Million) which present 50% from the authorized and issued capital (2006:100%).

9 LEGAL RESERVE

In accordance with Qatar Commercial Companies' Law No. 5 of 2002, 10% of the net profits is required to be transferred to legal reserve. The transfer to legal reserve may cease when the reserve equals 50% of the paid up share capital. This reserve is not available for distribution except in the manner stated in the Companies' Law.

10 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the provision recognised in the balance sheet are as follows:

	2007	*2006*
	QR	*QR*
Provision as at 1 January	**223,703**	99,631
Provided during the year	**148,408**	172,339
End of service benefits paid	**(945)**	(48,267)
Provision as at 31 December	**371,166**	223,703

11 ACCOUNTS PAYABLE AND ACCRUALS

	2007	*2006*
	QR	*QR*
Accounts payable	**200,176,682**	126,621,514
Other credit balances	**271,034**	1,559,725
Accrued expenses	**1,108,256**	47,500
	201,555,972	128,228,739

12 CONTINGENT LIABILITIES

At 31 December 2007 the Company had contingent liabilities in respect of bank and other guarantees arising in the ordinary course of business from which it is anticipated that no material liabilities will arise amounting to QR 92,000,000 (2006: QR 20,000,000).

13 RELATED PARTY TRANSACTIONS

Related parties represent associated companies, major shareholders, directors and key management personnel of the Company. Pricing policies and terms of these transactions are approved by the Company's management.

Transactions with related parties included in the income statement are as follows:

	2007	*2006*
	QR	*QR*
Commission earned	**2,882,093**	-

Compensation of key management personnel
The remuneration of directors and other members of key management during the year was as follows:

	2007	*2006*
	QR	*QR*
Wages and salaries	**339,000**	328,980
End service benefits	**-**	27,980
	339,000	356,960

As of 31 December 2007, there were no any balances due to/from related parties.

14 PROPOSED DIVIDENDS

During the year, a cash dividend per share of QR 1.6 amounting to QR 3,200,000 was paid from 2006 profits, equivalent to 16% of total share capital (2006: QR 14,800,000 from 2005 profits).

15 BASIC EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit for the year by the weighted average number of ordinary shares outstanding during the year.

	2007	*2006*
Profit for the year (QR)	**10,532,669**	4,046,883
Weighted average number of shares	**4,000,000**	4,000,000
Basic earnings per share (QR)	**2.63**	1.01

The weighted average number of shares have been calculated as follows:

	2007	*2006*
Qualifying shares at the beginning of the year	**2,000,000**	2,000,000
Effect of bonus share issue	**2,000,000**	2,000,000
Total	**4,000,000**	4,000,000

Basic earnings per share equal to revised earning per share since no diluted shares exist during the year.

If the effect of the bonus shares issued during the year was not considered on the earnings per share for the previous year, then basic earnings per share for the year ended 31 December 2006 would be QR 2.02 per share.

16 FINANCIAL RISK MANAGEMENT

Profit rate risk and finance costs
Profit rate risk arises from that changes in profit rates will affect future profitability or the fair values of financial instruments. The management is of the opinion that the Company's exposure to profit rate risk is minimal.

Credit risk
The Company seeks to limit its credit risk with respect to customers by setting credit limits for individual customers and monitoring outstanding receivables.

The Company provides services to a large number of individuals and companies in Qatar. Its 5 largest customers account for 93% of outstanding accounts receivable at 31 December 2007 (2006: 76%).

The Company limits its credit risk with regard to bank deposits by only dealing with reputed banks.

Liquidity risk
The Company limits its liquidity risk by ensuring bank facilities are available. The Company's terms of sales require amounts to be paid within 3 days of the date of sale and the trade payable amounts to be paid within 3 days from the date of sale.

16 FINANCIAL RISK MANAGEMENT (continued)

The table below summarises the maturities of the Company's undiscounted financial liabilities at 31 December 2007, based on contractual payment dates and current market interest rates.

Year ended 31 December 2007	***Less than 3 months QR***	***3 to 12 months QR***	***Total QR***
Accounts payables and accruals	**201,284,938**	**271,034**	**201,555,972**
Total	**201,284,938**	**271,034**	**201,555,972**

Year ended 31 December 2006	*Less than 3 months QR*	*3 to 12 months QR*	*Total QR*
Accounts payables and accruals	126,669,014	1,559,725	128,228,739
Total	126,669,014	1,559,725	128,228,739

Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The management is of the opinion that the Company's exposure to currency risk is minimal.

Capital management
The primary objective of the Company's capital management is to ensure the preservation of strong credit rating.

The Company management and capital structure modifications in the light of changes in economic conditions to maintain the structure of capital or amend the Company may increase dividends for partners or increase the capital.

During the year, the Company increased the company's shares from 2 million shares to 4 million shares and the capital has reached to QR 20 million which present 50% (2006 : QR 20 million 100%).

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the year end 31 December 2007 and 31 December 2006.

17 FAIR VALUES OF FINANCIAL INSTRUMENTS

Company financial instruments comprise a financial assets and financial liabilities.

Financial assets consist of cash and bank balances, investments and receivables. Financial liabilities consist of bank overdrafts, payables, and accrued expenses. Off-balance sheet financial instruments consist of derivative foreign exchange contracts.

The fair values of the financial assets and liabilities, are not materially different from their carrying values.

18 KEY SOURCES OF ESTIMATION UNCERTAINTY

Impairment of accounts receivable
An estimate of the collectible amount of trade accounts receivable is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past due, are assessed collectively and a provision applied according to the length of time past due, based on historical recovery rates.

At the balance sheet date, gross trade accounts receivable were QR 4,761,560 (2006 : QR 3,523,990) without any provision for doubtful QR debts (2006 : QR 32,046). Any difference between the amounts actually collected in future periods and the amounts expected will be recognised in the income statement.