

DLALA HOLDING
Annual Report

2008

BUILDING A TRADITION OF SUCCESS





His Highness
Sheikh Tamim Bin Hamad AL-Thani
Heir Apparent



His Highness
Sheikh Hamad Bin Khalifa AL-Thani
Emir of the State of Qatar

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H.E. Hamad Bin Abdulla Al-Attiyah
Chairman



Mr. Abdulrahman Mohammad Al-Meer
Member



H.E. Dr. Sheikh Hamad bin Nasser Al-Thani
Vice Chairman



Mr. Abdul Jaleel Mahdi Burhani
Member



Mr. Nawaf Abdullah Al-Attiyah
Member



Mr. Abdullah Kamal
Member



Mr. Basel Gamal Aly
Member



Mr. Chaouki Hani Daher
Member



Mr. Laurent Lavigne Du Cadet
Member

Board of Directors

“Innovation is a continual process at Dlala. It filters through every fibre of our organization; from the Directors to employees at every level.

All employees are encouraged to think smart and find new solutions to new challenges.”



Hamad Bin Abdulla Al-Attiya
Chairman

Board of director's report

2008 has been another year of achievements and successes for Dlala Holding. Despite all the difficulties that faced the economy in 2008, Dlala holding has managed to achieve growth and success. And as we promised you last year we have diversified investment by entering the real estate field through establishing Dlala Real Estate that will be launched by the second quarter of 2009. This involves real estate brokerage and property management and will provide a quality service in the real estate market of our beloved country.

We are also in the process of finalizing the establishment of Dlala IT. It will be playing a major role in the field of IT & Programming, which the market needs, due to the rapid development that this field is experiencing, and its involvement in many sectors.

2008 has witnessed the acquisition of the company's new premises at Salwa road, which will be launched soon, along with a new identity in the form of a new logo for the company. These developments mark a new era for Dlala Holding, which has moved from one success to another since its establishment more than 3 years ago.

It gives me great pleasure to announce that as part of Dlala's continuous striving for improvement of its services, a new Data Base Center will be established at the company's new premises. We have employed state of the art technology in the center which will increase capacity 10 fold.

We are also establishing an Automated Emergency Support Center at our Muntaza branch, which will provide its services in times of emergency.

As for the company's financial performance, I am pleased to announce that the company has managed to increase its net profit by 102% to 50.5 million Qatari Ryals compared to 25 million Qatari Ryals in 2007.

Based on these results as well as our commitment to increase shareholder's returns; the board of directors decided to submit its recommendation to the General Assembly to approve a profit distribution of 20 % of the nominal value of shares, (two ryals for each share).

It is our company's conviction, since its establishment, that it is part of the society operates in. Therefore in 2008 Dlala Holding launched the "We Care" campaign. The company donates one Qatari Ryal out of each Dlala Islamic Brokerage commission earned.

These funds are given to Qatar Charity Association and Dreama Orphans care foundation.

Future Planes:

At Dlala we all strive for success and achievement that aims at reflecting the company as one of the largest and that gives great importance not only to state of the art technology, but also to training it's highly skilled team of executives, as well as setting high performance standards.

2009 will be the year to accomplish all the tasks that we started on 2008. Due to the recession that effected the world economy, we will be cautious with new projects and plans. Therefore we will launch both Dlala Real Estate and Dlala IT this year, to enter the market in a strong and confident manner, to achieve the goals mentioned; particularly diversification of investment.

Acknowledgment:

Finally I would like to take this opportunity to extend, on behalf of all Dlala Holding employees' and the board of directors my deepest thanks and gratitude to his Highness the Emir Sheikh Hamad Bin Khalifa Al-Thani as well as his Highness the Heir Apparent Sheikh Tamim Bin Hamad Bin Khalifa Al Thani for their vision and wise policies in developing the economy of Qatar.

I would also like to extend my gratitude on behalf of the board of directors to our shareholders and customers for their trust and support, hoping that we have earned this trust.

We hope that we always meet to celebrate more success and achievements.

The board of directors would like to thank all Dlala employees for their honest effort and their dedication in achieving the company's goals and serving it's costumers.

Hamad Bin Abdulla Al-Attiyah
Chairman





Mr. Waleed Jassim Al-Mossallam -
CEO

VISION

With a view to best Business Practices, while keeping an eye on regional and local cultures, we have blended knowledge with professional people, who use automated solutions to efficiently reach and serve our customers, in an environment that adheres to High Ethical Standards.

We aim to be the best financial services house in Qatar, and aspire to be a fully integrated business that will redefine the regional financial services scene.

MISSION

We commit to exceeding our clients' expectations in terms of quality, trust and professional excellence while delivering value, and to maintaining high standards of ethical behaviour and professional integrity.

- We employ people who have expertise, and determination and who work closely as a team, with our clients and business partners.
- We pursue technical innovation, growth and compliance with best practices to increase value for our customers and successful opportunities for all Dlala stakeholders.
- We foster a working environment that encourages professional and financial growth.
- We ensure continuous improvement and transparency through total quality management practices.
- We provide a reasonable and sustainable return to shareholders.
- We are a responsible corporate citizen who get involved with our community.

IN EVERY PROBLEM WE SEE OPPORTUNITY





GROUP

DLALA HOLDING (Q.S.C)

Dlala Brokerage and Investment Holding Company (Q.S.C.) was incorporated in the State of Qatar in May 2005, with a paid-up capital of QR 200 million (approx. US\$ 55 million). The Company was the first non-banking financial and investment company listed on Doha Securities Market (DSM) which currently provides brokerage services to investors in DSM equity. Dlala Holding established both Dlala Brokerage Company (L.L.C) and Dlala Islamic Brokerage Company (L.L.C) Both companies commenced operations in January 2006 .

In a short space of time, Dlala Holding managed to win the confidence of local and regional investors, thanks to its expertise and experience in financial brokerage and investment. Investors' growing confidence is reflected in the evolution of the Company's operations. The aim is to support investors to the maximum while they make their investment decisions.

Dlala's current board of directors consists of representatives from leading organisations of the Qatari economy. They are: Pension Fund of the General Retirement & Pension Authority; Qatar Foundation for Education, Science and Community Development; Education and Health Fund – Ministry of Finance; QNB; Doha Bank; Commercialbank; International Bank of Qatar; Ahlibank and Amwal. Dlala Holding's board of directors oversee the strategic administration of all its activities and ensures its conformity with leading business practices.

Mission

To raise the bar of trading in the Doha Securities Market (DSM) to levels that comply with international standards and to keep pace with the significant growth of the Qatari economy and region.

To provide customers with competent brokerage & investment services through:

- A team of skilled and well-trained professionals
- The best technological infrastructure available in the brokerage and financial sector.
- A high-tech, state-of-the-art call centre, offering swift responses and ensuring absolute privacy for customers.
- Expanded awareness among existing and prospective investors of e-trading.
- Being a responsible corporate citizen, with an active role in society.

DYNAMICS

WHILST OTHERS WERE COMPETING,
WE KEPT STAYING AHEAD





دلالة للوساطة
DLALA BROKERAGE

DLALA BROKERAGE (L.L.C)

Vision

To encourage co-operation among the leading brokerage companies in the region and to promote the integration of the financial markets of the GCC region.

Mission

Dlala Brokerage Company (L.L.C.) is determined to become the leading brokerage company in the financial sector.

Our aim is to: help investors to make timely and appropriate investment decisions, observe the highest ethical standards and deliver to their expectations.

We aspire to provide our customers with the most modern means of trading , utilising state-of-the-art e-trading methods, both online and through our call centre. We are committed to expanding the scope of our services and extending them to all our clients, wherever they are.

Profile

Dlala Brokerage Company L.L.C was established in January 2006 to provide brokerage services in the equities markets for companies listed in financial markets. Dlala Brokerage applies international standards in e-trading via the Internet. It also uses systems that provide security and confidentiality of customers accounts. Dlala Brokerage also provides investors with trading services through its call center which is equipped with the latest communication technology that ensures quality and efficient customer services for all clients. The company has staff with excellent expertise, qualifications and competencies in the field of financial brokerage to meet the needs of all customers accurately and quickly.



40,0

-20'

-605'

-74

288

156,3

1,7

13,9

1,1

143,0

41 396

28,1

-445'

-1120'

230

162,1

1,2

19,4

16,4

138,6

38 317

90

918

918

1018

28 000



دلالة الإسلامية
DLALA ISLAMIC

DLALA ISLAMIC (L.L.C)

Vision

To increase the presence of Islamic capital in all markets.

Mission

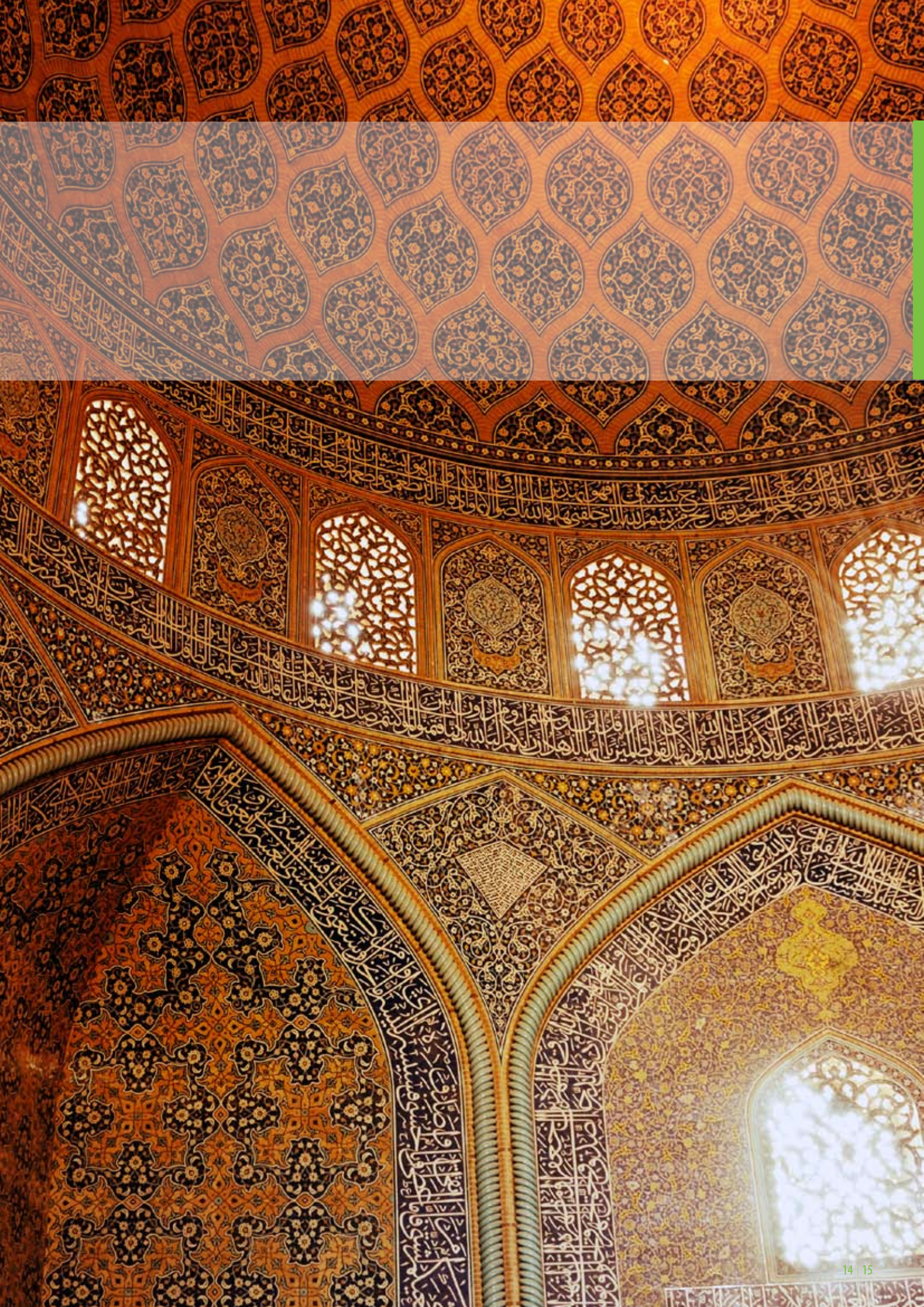
To become the first choice for investors who seek to enhance their investments in the Islamic capital markets, in a modern and professional manner and in accordance with the principles of Islamic Sharia, utilising state-of-the-art Shari'a-compatible mechanisms as they apply to stock brokerage.

Profile

.Dlala Islamic Brokerage L.L.C was established in January 2006 to provide brokerage services according to Islamic Sharia.

The company has a special (Fatwa) committee for consultation and control. It is an internal and independent committee whose members represent the elite jurisprudence scholars who are qualified to give their views and opinions about buying and selling shares of a particular company or sector according to the terms and provisions of Islamic Sharia.

Dlala Islamic Brokerage L.L.C applies the latest international standards in brokerage and e-trading via the Internet, together with systems that provide the utmost security and confidentiality of customer accounts. It also provides investors with direct transaction services through its call center that is equipped with sophisticated communication technologies to ensure swift and quality services. The company's staff have good expertise and excellent competencies in the financial brokerage sector to meet the needs of all customers in an accurate and swift manner.





Dlala's Islamic Panel for Fatwa and Shari'a Compliance

The Panel for Fatwa and Shari'a Compliance at Dlala Islamic is an independent body, comprising well known Islamic scholars who determine the compliance of equities with Shari'a rules. The panel provides investors with an Islamic perspective of the shares of listed companies.

Members of the Panel

Dr. Sultan Al Hashmy - President

Dr. Al Hashmy has more than 15 years experience in Islamic transactions. He holds a B.Sc. in Shari'a and Islamic Studies, and a Master's Degree from the Islamic University of Imam Mohamed Bin Sa'oud, Riyadh, Kingdom of Saudi Arabia. Dr. Al Hashmy has held various prestigious positions and has served as a member of the Shari'a panels and committees of several leading establishments. He is also a professor at the Shari'a and Islamic Studies Faculty of Qatar University.

Mr. Hamad Bin Mahmoud Al Mahmoud - Executive Member

Mr. Hamad Bin Mahmoud Al Mahmoud is a very experienced Islamic scholar who has held various prestigious positions since obtaining his B.Sc. in Shari'a and Islamic Studies from Qatar University in 1989. Mr. Al Mahmoud was appointed as the Chief of Shari'a Courts and Islamic Affairs in 1990. He was also appointed as an Assistant to the Chief of Da'awa - Islamic Affairs Department in 1991.

Mr. Al Mahmoud served as an Assistant Shari'a Judge from 1995 till 1997. In 2002 he was promoted as a full judge at the Shari'a Court of Appeal. Mr. Al Mahmoud has participated in many international and regional conferences, meetings and forums on Islamic transactions and its governing standards. He has also participated in the establishment of many important Islamic and economic Fatwas.

Mr. Saif Abdul Nour Saif El Din - Member

Mr. Saif Abdul Nour Saif El Din holds a B.Sc. degree from Qatar University and has held several key positions. He was the Office Chief - Administration and Finance at the Ministry of Endowment and was also a researcher at the 'Zakat Fund'. Presently he is the Chief of the Office for Research and Studies at the 'Zakat Fund'. He has participated in several conferences and special forums.

Mr. Azizo-Allah Al Bloshi - Shari'a Auditor

Mr. Al Bloshi holds a Master's degree and a Diploma in Islamic Shari'a from the Islamic University of Medina. He also has a Master's degree, with honors, in Islamic and Arabic Sciences from Pakistan. He was appointed as the Supreme Counsel for Justice and holds the position of Shari'a Auditor in various companies and establishments.

We have a distinguished Fatwa Panel, comprising renowned Islamic scholars, who ensure that our activities and transactions are in compliance with Shari'a principles and guidelines annually.



Service Channels

We have the biggest call centre of its kind in Qatar and were the first company to launch an online e-trading service in Qatar. (See annual report '07 - page 12) Dlala Brokerage and Investment Holding Company (Q.S.C.) provides brokerage services for shares listed on the Doha Securities Market (DSM). The Company buys and sells shares listed on the DSM through a variety of channels, as shown below:

- **Online e-trading**
- **Customer Service Branches**
- **Call Centre**
- **VIP Lounge**
- **Account Managers**

Online e-trading

Dlala was the first company to launch an online e-trading service in Qatar. In this regard, the Company developed an advanced IT infrastructure, based on the latest international standards in IT systems. The new system ensures the highest standards of trading flexibility, offers absolute privacy and security and executes transactions and orders very quickly.

Customer Service Branches

- Dlala Brokerage and Dlala Islamic Branches (Al Muntazah)
- Dlala Brokerage and Dlala Islamic Branches (Doha Securities Market Building)

Call Centre

Dlala Brokerage and Dlala Islamic have the biggest call centre of its kind in Qatar.

Equipped with the latest technology and experienced professionals, the call centre provides the following services:

- Receiving orders - buying, selling, amending, cancelling.
- Receiving 'uplift' instructions to customers' portfolios.
- Receiving payment orders, cheque issue orders and bank transfer orders.
- Answering customer enquiries.
- Providing customers with news about the Doha Securities Market (DSM).



We have the
biggest call centre
of its kind in Qatar

Call Centre Enquiries

Dlala Brokerage : Tel. +974 428 4444
Dlala Islamic : Tel. +974 428 5555

VIP Lounge

Dlala Brokerage and Dlala Islamic offer an exclusive range of private and special services for VIP customers at the VIP Lounge. The VIP Lounge provides a luxurious trading environment with high-class amenities and logistics, thereby making trading a comfortable experience. The VIP Lounge is equipped with offices, computers, screens, satellite, and special TV channels showing the latest regional and international economic news.

A dedicated team of highly experienced professionals is always at hand to provide VIP customers with a personalised range of services.

Account Managers

We have a team of highly experienced account managers, who personally manage the accounts of corporates and high net worth clients. This service is available to both local and international companies. For more information about this service please call +974 428 5550/428 5551.

Internal Committees

Executive Committee

The Executive Committee comprises five board members and is headed by the Chairman. The Committee was established following a decision of the Board of Directors. The Committee will be in operation for the entire tenure of the Board of Directors.

Members of the Executive Committee

1. H.E. Hamad Bin Abdulla Al-Attayah - President
2. Mr. Abdullah Kamal
3. Mr. Abdulrahman Mohammad Al-Meer
4. Mr. Nawaf Abdullah Al-Attayah
5. Mr. Laurent De Cadet

Responsibilities of the Committee

1. Review the preliminary balance sheet before presenting it to the Board of Directors.
2. Approve all agreed upon agreements and obligations that are beyond the authority of the CEO.
3. Approve all expenses that are beyond the authority of the CEO.
4. Review the quality and efficiency of the services provided by the Company and recommend ways of improvement and development.
5. Develop future plans and strategies according to the policies of the Board of Directors.
6. Supervise and monitor the funds invested by the Company in order to ensure their compliance with the approved policies of the Company.
7. Develop the general guidelines and policies for investment and present them to the Board of Directors. (annual report'07 - page 14)

Internal Audit Committee

The Committee is responsible for supervising and undertaking all internal and external audit activities, according to the pre-approved action plan of the Board of Directors.

The Committee comprises four members of the Board of Directors who will elect a Chairman. The Committee will be in operation for the entire tenure of the Board of Directors.

Responsibilities of the Committee

8. Develop the procedures, goals and scope of internal audit.
9. Study and revise internal audit reports, prepare appropriate comments and present them to the Board of Directors.
10. Study the reports prepared by external auditors and Qatar Central Bank and make necessary recommendations.
11. Submit a synopsis of various meetings to the Chairman, who will present them to the Board of Directors.
12. Supervise and monitor the financial, administrative and technical activities of the internal audit department.
13. Recommend and follow-up all activities related to training, promotion and development of its human resources.
14. Evaluate the performance of internal and external auditors.
15. Review the remarks of the external auditor regarding the financial statements.
16. Review the executive rotation plan and its compliance with the CEO's directives and provide appropriate recommendations.
17. Delegate responsibilities to a sub-committee comprising one or more of its members or to the Company's CEO.
18. Ensure that all laws and instructions of QCB regarding the Company's activities are duly adhered to.
19. Review any remarks raised on the above mentioned reports and forward them to the concerned departments for follow-up and timely action.
20. Any other activities referred to by the Committee.

Members of the Internal Audit Committee

H.E. Dr. Sheikh Hamad Bin Nasser Al-Thani - President
Mr. Bassel Jamal Ali
Mr. Abdul Jaleel Mahdi Burhani
Mr. Chaouki Hani Daher

We nurture an inspiring and productive environment that promises growth and prosperity for all stakeholders.



INDEPENDENT AUDITOR'S REPORT

To The Shareholders of Dlala Brokerage and Investments Holding Company (QSC) Doha – Qatar

Report on consolidated financial statements

We have audited the accompanying consolidated financial statements of Dlala Brokerage and Investments Holding Company (QSC) ("the Company"), which comprise the consolidated balance sheet as at December 31, 2008, and the consolidated statements of income, changes in shareholders 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 financial statements

Management is responsible for the preparation and fair presentation of these consolidated 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.

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 management'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 company'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, these consolidated financial statements give a true and fair view of the financial position of Dlala Brokerage and Investments Holding Company (QSC) as of December 31, 2008, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

Furthermore, in our opinion the financial statements provide the information required by Commercial Companies' Law No. 5 of 2002 and the Company's Articles of Association. We are also of the opinion that proper books of account were maintained by the Company. 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 us, no contraventions of the above mentioned Law or the Company's Articles of Association were committed during the year which would materially affect the Company's activities or its financial position.

For Deloitte & Touche
Muhammad Bahemia
License No. 103
Doha - Qatar
February 4, 2009

Consolidated Balance Sheet

as of December 31, 2008

ASSETS	Notes	2008 QR.	2007 QR.
Current assets			
Cash and bank balances	4	248,249,388	114,498,062
Bank balances – customers' funds	5	441,323,691	357,738,889
Due from customers	6	6,187,470	273,906,575
Due from Doha Security Market		75,137,536	--
Other assets	7	3,595,329	3,041,552
		774,493,414	749,185,078
Non-current assets			
Available-for-sale investments	8	28,535,520	47,858,669
Investment in associates	9	10,455,888	11,993,832
Properties and equipment	10	64,738,230	18,580,943
		103,729,638	78,433,444
Total assets		878,223,052	827,618,522
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Bank overdraft		--	40,903,413
Term loan	11	3,931,800	--
Due to customers		578,704,047	429,784,107
Due to Doha Security Market		--	117,158,136
Other liabilities	12	29,812,392	16,091,666
		612,448,239	603,937,322
Non-current liabilities			
End of service benefits		867,823	719,943
Term loan	11	24,451,065	--
		25,318,888	719,943
Total liabilities		637,767,127	604,657,265
Shareholders' equity			
Share capital	13	200,000,000	200,000,000
Legal reserve	14	9,398,577	4,348,093
Fair value reserve		(15,904,729)	(6,894,565)
Proposed dividend	15	40,000,000	24,000,000
Retained earnings		6,924,515	1,479,622
Attributable to equity holders of the company		240,418,363	222,933,150
Minority interests		37,562	28,107
Total equity		240,455,925	222,961,257
Total equity and liabilities		878,223,052	827,618,522

These consolidated financial statements were approved by the Board of Directors on February 4, 2009 and signed on its behalf by:

Hamad Bin Abdulla Al-Attayah
Chairman

Sheikh Hamad Bin Nasser Al-Thani
Vice Chairman

Waleed Jassim AlMossallam
CEO

Consolidated Statement of Income

for the year ended December 31, 2008

Income	Notes	2008 QR.	2007 QR.
Revenue	Notes	QR.	QR.
Brokerage and commission income	16.a	132,774,200	108,581,466
Brokerage and commission expense	16.b	(41,073,972)	(31,897,853)
Brokerage and commission income, net		91,700,228	76,683,613
Bank deposit interest income		8,046,631	5,986,450
Net investment income	17	8,413,813	3,899,368
Share of profit in associate company		240,835	552,535
Total Revenue		108,401,507	87,121,966
Expenses			
General and administrative expenses	18	(24,560,167)	(25,463,246)
Staff costs		(28,131,224)	(21,716,831)
Provision for legal cases	19	(2,228,800)	(4,379,905)
Provision for bad debts		--	(4,030,270)
Impairment of available for sale investments		(1,417,392)	(4,117,736)
Finance costs		(1,559,092)	(2,355,313)
Profit for the year		50,504,832	25,058,665
Attributable to			
Equity holders of the company		50,494,326	25,053,160
Minority interest		10,506	5,505
Total		50,504,832	25,058,665
Earnings per share	20	2.52	1.25

Consolidated Statement of Changes in Shareholders' Equity for the year ended December 31, 2008

	Issued Capital QR.	Legal Reserves QR.	Fair value reserve QR.	Proposed Dividend QR.	Retained Earnings QR.	Total equity attributable to equity holders of the company.	Minority	Total QR.
Balance – January 1, 2007	200,000,000	1,842,228	(22,298,259)	10,000,000	2,931,778	192,475,747	23,151	192,498,898
Profit for the year	--	--	--	--	25,053,160	25,053,160	5,505	25,058,665
Transfer to legal reserve for the year	--	2,505,865	--	--	(2,505,316)	549	(549)	--
Increase in fair value reserve	--	--	7,128,661	--	--	7,128,661	--	7,128,661
Dividend paid	--	--	--	(10,000,000)	--	(10,000,000)	--	(10,000,000)
Cumulative loss transferred to income statement on disposal of available-for-sale investments	--	--	4,897,678	--	--	4,897,678	--	4,897,678
Cumulative loss transferred to income statement on impairment of available-for-sale investments	--	--	4,100,837	--	--	4,100,837	--	4,100,837
Share of associate's investment revaluation reserve	--	--	(723,482)	--	--	(723,482)	--	(723,482)
Proposed dividend	--	--	--	24,000,000	(24,000,000)	--	--	--
Balance - December 31, 2007	200,000,000	4,348,093	(6,894,565)	24,000,000	1,479,622	222,933,150	28,107	222,961,257
Profit for the year	--	--	--	--	50,494,326	50,494,326	10,506	50,504,832
Transfer to legal reserve for the year	--	5,050,484	--	--	(5,049,433)	1,051	(1,051)	--
Decrease in fair value reserve	--	--	(13,838,488)	--	--	(13,838,488)	--	(13,838,488)
Dividend paid	--	--	--	(24,000,000)	--	(24,000,000)	--	(24,000,000)
Cumulative loss transferred to income statement on disposal of available-for-sale investments	--	--	4,828,324	--	--	4,828,324	--	4,828,324
Proposed dividend	--	--	--	40,000,000	(40,000,000)	--	--	--
Balance - December 31, 2008	200,000,000	9,398,577	(15,904,729)	40,000,000	6,924,515	240,418,363	37,562	240,455,925

Consolidated Statement of Cash Flows

for the year ended December 31, 2008

	Notes	2008 QR.	2007 QR.
OPERATING ACTIVITIES			
Profit for the year		50,504,832	25,058,665
Adjustments for:			
Depreciation of properties and equipment		6,305,902	6,876,703
End of service benefits		147,880	456,202
Share of profit in associate company		(240,835)	(552,535)
Impairment of available-for-sale investments		1,417,392	4,117,736
Interest income		(8,046,631)	(5,986,450)
Finance costs		1,559,092	--
Profit on disposal of available-for-sale investments		(7,550,241)	(2,180,748)
Provision for bad debts		--	4,030,270
Provision for legal cases		2,228,800	4,379,905
		46,326,191	36,199,748
Due from customers		267,719,105	(178,005,992)
Other assets		1,572,112	2,828,107
Customers' funds		(83,584,802)	(96,198,810)
Due to customers		148,919,940	205,437,934
Other liabilities		11,491,925	10,305,189
Due from Doha Security Market		(75,137,536)	--
Due to Doha Security Market		(117,158,136)	69,581,547
Net cash flow from operating activities		200,148,799	50,147,723
INVESTING ACTIVITIES			
Net purchase and sale of available-for-sale investments		18,224,614	24,333,762
Investment in associate company		--	(1,778,779)
Purchase of properties and equipment		(52,463,189)	(5,185,847)
Interest received		5,920,742	5,986,450
Net cash (used in)/ from investing activities		(28,317,833)	23,355,586
FINANCING ACTIVITIES			
Net proceed from loan		28,382,865	--
Finance costs		(1,559,092)	--
Dividend paid		(24,000,000)	(10,000,000)
Net cash flow from/(used in) financing activities		2,823,773	(10,000,000)
Net increase in cash and cash equivalents		174,654,739	63,503,309
Cash and cash equivalents – beginning of the year		73,594,649	10,091,340
Cash and cash equivalents - end of the year	21	248,249,388	73,594,649

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2008

1. INCORPORATION AND ACTIVITIES

Dlala Brokerage and Investments Holding Company (QSC) (the Company) is a Qatari Shareholding Company (Q.S.C.) incorporated in the State of Qatar on May 24, 2005 under Commercial Registration No.30670. The Company is governed by the provisions of the Qatar Commercial Companies law No. 5 of 2002 and the Doha Securities Market regulations. The Company is engaged in brokerage activities at the Doha Securities Market through its subsidiaries, and in investment activities for itself.

2. ADOPTION OF NEW AND REVISED STANDARDS

Standards and interpretations effective in the current year

Three Interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period. These are: IFRIC 11 – IFRS 2: Group and Treasury Share Transaction which is effective for annual periods beginning on or after 1 March 2007, IFRIC 12 Service Concession Arrangements which is effective for annual periods beginning on or after 1 January 2008 and IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction which is effective for annual periods beginning on or after 1 January 2008. The adoption of these Interpretations had no significant effect on the financial statements of the Company for the year ended December 31, 2008.

Standard and interpretations in issue not yet effective

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

Revised Standards

* IAS 1 (Revised) Presentation of Financial Statements	Effective for annual periods beginning on or after January 1, 2009
* IAS 23 (Revised) Borrowing Costs	Effective for annual periods beginning on or after January 1, 2009
* IAS 27 (Revised) Consolidated and Separate Financial Statements	Effective for annual periods beginning on or after July 1, 2009
* IAS 28 (Revised) Investments in Associates	Effective for annual periods beginning on or after July 1, 2009
* IAS 31 (Revised) Interests in Joint Ventures	Effective for annual periods beginning on or after July 1, 2009
* IAS 32 (Revised) Financial Instruments: Presentation 2009	Effective for annual periods beginning on or after January 1, 2009
* IFRS 1 (Revised) <i>First time adoption</i>	Effective for annual periods beginning on or after January 1, 2009
* IFRS 2 (Revised) <i>Share-based Payments</i> 2009	Effective for annual periods beginning on or after January 1, 2009
* IFRS 3 (Revised) <i>Business Combinations</i> 2009	Effective for annual periods beginning on or after July 1, 2009

New Standard

IFRS 8 <i>Operating Segments</i> 2009	Effective for annual periods beginning on or after January 1, 2009
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New Interpretation

IFRIC 13 – <i>Customer loyalty Programmes</i> 2008	Effective for annual periods beginning on or after July 1, 2008
IFRIC 15 – <i>Agreement for Construction of Real Estate</i> 1, 2009	Effective for annual periods beginning on or after January 1, 2009
IFRIC 16 – <i>Hedges of Net Investment in Foreign Operations</i> 1, 2008	Effective for annual periods beginning on or after October 1, 2008

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 Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

Basis of preparation

These consolidated financial statements have been prepared on the historical cost basis except for the measurement at fair value of available for sale investments. The principal accounting policies are set out below.

Use of estimates and judgements

The preparation of these consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and any future years affected. Actual results may differ from these estimates.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the consolidated financial statements are described in the Note 26.

Functional and presentation currency

The consolidated financial statements have been prepared in Qatari Riyals.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its "subsidiaries"). 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.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All inter-company transactions, balances, income and expenses are eliminated in full on consolidation.

Minority interest represents the portion of profit or loss and net assets not held by the Company and presented separately in the consolidated income statement and within shareholders' equity in the consolidated balance sheet separately from equity attributable to the shareholders of the parent.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for customer rebates and other similar allowances.

Commissions

Commission income from brokerage activities is recognized when the purchase or sale transactions are executed. Commission income is reduced by commission rebates.

Dividend Income

Dividend income from investments is recognised when the shareholder's right to receive payment is established.

Interest Income

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate **applicable**.

Investments in associates

An associate is an entity over which the company has significant influence and that is neither a subsidiary nor an interest in joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Company's share of the net assets of the associate, less any impairment in the value.

Where an investor transacts with its associate, profits and losses are eliminated to the extent of the investor's interest in the relevant associate.

Properties and equipment

Properties and equipment held for use in the rendering of services, or for administrative purposes are stated in the balance sheet at cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation is charged as to write off the cost of assets, other than work in progress, over their estimated useful lives, using the straight-line method.

Leasehold improvements are depreciated over 5 years.

Foreign currency

Transactions in foreign currencies are recorded in Qatari Riyals at the rates of exchange prevailing at the date of each transaction. Monetary assets and liabilities denominated in foreign currencies at the end of the year are translated into Qatari Riyals at the rates of exchange ruling at that date, and the resultant gains or losses are included in the statement of income.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event which it is probable will result in an outflow of economic benefits that can be reasonably estimated.

Borrowing Cost

Borrowing costs are recognised in the period in which they are incurred and unpaid amounts are included in "accruals and other credit balances".

Available-for-sale investments

- Quoted

Available-for-sale investments are initially measured at cost. After initial recognition, investments which are classified as "available-for-sale" are re-measured and recognized at fair value. The unrealised gains and losses resulting from the difference between the carrying amounts and the fair values are reported as a separate component of equity under investment revaluation reserve until the investments are sold, collected or otherwise disposed of, or the investments are determined to be permanently impaired, at which time the cumulative gain or loss previously reported in equity or any additional impairment losses which are not accounted for in the fair value reserve are included in the statement of income.

- Unquoted

Due to the nature of cash flows arising from the Company's unquoted investments, the fair value of these investments cannot be reliably measured. Consequently, these investments are carried at cost less provision for any impairment losses.

- Fair value

The fair value of investments that are actively traded in organised financial markets is determined with reference to quoted market bid prices at the close of business on the balance sheet date.

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' length of service and the completion of a minimum service period. The company treats this obligation as a non-current liability.

With respect to the Qatari employees, the Company makes contributions to Government Pension Fund calculated as a percentage on the employees' salaries in accordance with the requirements of law No. 24 of 2002 pertaining to Retirement and Pensions. The Company's obligations are limited to the contributions which are expensed when due.

Financial instruments

- Financial assets

The Company's principal financial assets include cash and bank balances, available for sale investments, due from customers and customers' funds.

- Financial liabilities

Significant financial liabilities include due to customers, due to Doha Security Market and bank overdraft.

Impairment of tangible assets

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss, being the excess of the carrying amount over the recoverable amount, is recognised. Impairment losses are recognised in the statement of income.

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and bank balances maturing less than 90 days, net of outstanding bank overdrafts.

4. CASH AND BANK BALANCES

	2008 QR.	2007 QR.
Cash on hand	2,193	21,317
Fixed deposits	152,500,000	55,690,967
Call accounts	63,538,798	56,049,349
Current accounts	32,208,397	2,736,429
	248,249,388	114,498,062

Fixed deposits and call accounts represent short term investments in various banks, with effective interest rates ranging from 2.5% to 6.5 %, and original maturity dates up to 90 days.

5. BANK BALANCES – CUSTOMERS' FUNDS

Customers' funds represent 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.

6. DUE FROM CUSTOMERS

	2008 QR.	2007 QR.
Amounts due from customers	10,217,740	277,936,845
Less: Provision for doubtful debts	(4,030,270)	(4,030,270)
Net	6,187,470	273,906,575

The Company provides fully for all balances from its customers which are under legal cases. No interest is charged on overdue balances. The normal credit term for the Company is transaction day plus three days.

As at December 31, 2008 balances from customers and movement in the provision for doubtful debts are as follows:

(i) Neither past due nor impaired

	2008 QR.	2007 QR.
Due from customers within 3 days	6,187,470	270,871,662

(ii) Past due but not impaired

Due from customers for more than 3 days	--	3,034,913
Total not impaired	6,187,470	273,906,575

(iii) Impaired customers balances

	2008 QR.	2007 QR.
Due from customers	4,030,270	4,030,270

(iv) Movement in the provision for doubtful debts:

	2008 QR.	2007 QR.
Balance at the beginning of the year	4,030,270	--
Provision during the year	--	4,030,270
Balance at the end of the year	4,030,270	4,030,270

7. OTHER ASSETS

	2008 QR.	2007 QR.
Profit and interest accrued on time and call deposits	2,125,889	738,718
Prepayments and other debit balances	1,469,440	2,302,834
	3,595,329	3,041,552

8. AVAILABLE-FOR-SALE INVESTMENTS

	Quoted Shares QR.	Unquoted Shares QR.	Total QR.
At Cost			
As at January 1, 2007	80,300,502	--	80,300,502
Acquisition during the year	16,735,063	1,050,000	17,785,063
Impairment	(4,117,736)	--	(4,117,736)
Disposal during the year	(39,938,077)	--	(39,938,077)
As at December 31, 2007	52,979,752	1,050,000	54,029,752
Acquisition during the year	41,553,290	--	41,553,290
Transferred from associate (note 9-b)	--	1,778,779	1,778,779
Impairment	(1,417,392)	--	(1,417,392)
Disposal during the year	(52,227,663)	--	(52,227,663)
As at December 31, 2008	40,887,987	2,828,779	43,716,766
Fair value Adjustments			
As at January 1, 2007	22,298,259	--	22,298,259
Reversal of investment revaluation reserve on disposal	(4,897,678)	--	(4,897,678)
Movement during the year	(11,229,498)	--	(11,229,498)
As at December 31, 2007	6,171,083	--	6,171,083
Reversal of investment revaluation reserve on disposal	(4,828,324)	--	(4,828,324)
Movement during the year	13,838,487	--	13,838,487
As at December 31, 2008	15,181,246	--	15,181,246
At Fair Value			
As at December 31, 2008	25,706,741	2,828,779	28,535,520
As at December 31, 2007	46,808,669	1,050,000	47,858,669

9. INVESTMENT IN ASSOCIATES

(a) The outstanding balances of the investment in associates are represented as follows:

	Ownership	2008	2007
		QR.	QR.
Tuhama Investments *	22%	10,455,888	10,215,053
Edata Tech and Consulting**	25%	--	1,778,779
		10,455,888	11,993,832

(b) The movement on the investment in associates during the year is as follows:

	2008	2007
	QR.	QR.
Balance as at January 1	11,993,832	10,386,000
Acquisition of associate	--	1,778,779
Share of profit for the year	240,835	552,535
Share of associate investment revaluation reserve on available for sale investments	--	(723,482)
Reclassification as available for sale (note 8)	(1,778,779)	--
Balance as at December 31	10,455,888	11,993,832

The Company's share in associate:

	2008	2007
	QR.	QR.
Total assets	48,549,149	46,799,583
Total liabilities	(5,857,521)	(796,360)
Net assets	42,691,628	46,003,223
Company's share in the net assets of associates	9,392,158	10,120,709
Total revenues	7,150,978	5,983,042
Profit for the year	1,094,704	2,511,525
Company's share of profit from associates	240,835	552,535

*The share of profit from associate accounted is based on management accounts.

**Edata Tech and Consulting increased the share capital during the year which diluted the shareholding of the Company from 25% to 5%. Subsequently, the investment in associate is classified as available for sale as the Company does not have significant influence on Edata Tech and Consulting.

10. PROPERTIES AND EQUIPMENT

	Land QR.	Leasehold improvements QR.	Furniture and fixtures QR.	Computers and Software QR.	Office Equipment QR.	Vehicles QR.	*Work in Progress QR.	Total QR.
Cost:								
As of January 1, 2007	--	839,401	1,829,533	19,804,252	839,888	132,000	1,128,668	24,573,742
Additions	--	173,612	159,474	3,291,654	572,307	46,000	942,800	5,185,847
Transfer	--	--	--	1,128,668	--	--	(1,128,668)	--
As of December 31, 2007	--	1,013,013	1,989,007	24,224,574	1,412,195	178,000	942,800	29,759,589
Additions	36,306,584	234,021	28,005	1,167,425	450,182	179,000	14,097,972	52,463,189
Transfer	--	--	--	942,800	--	--	(942,800)	--
As of December 31,2008	36,306,584	1,247,034	2,017,012	26,334,799	1,862,377	357,000	14,097,972	82,222,778
Depreciation:								
As of January 1, 2007	--	47,474	213,711	3,915,395	98,313	27,050	--	4,301,943
Charge for the year	--	187,538	192,536	6,218,969	245,891	31,769	--	6,876,703
As of December 31, 2007	--	235,012	406,247	10,134,364	344,204	58,819	--	11,178,646
Charge for the year	--	240,598	201,461	5,468,465	339,345	56,033	--	6,305,902
As of December 31,2008	--	475,610	607,708	15,602,829	683,549	114,852	--	17,484,548
Net book value:								
As of December 31,2008	36,306,584	771,424	1,409,304	10,731,970	1,178,828	242,148	14,097,972	64,738,230
As of December 31, 2007	--	778,001	1,582,760	14,090,210	1,067,991	119,181	942,800	18,580,943
Rates of depreciation	--	20%	10%	20% - 33.33%	20%	20%	--	

* The work in progress as of December 31, 2008 represents the cost of building on the land acquired during the year plus the renovation costs and IT projects. The building will be ready by the end of April 2009.

* The work in progress as of December 31, 2007 represents amounts paid for the implementation of Oracle Financials. The new accounting package was effectively used from April 2008.

11. TERM LOAN

	2008 QR.
Total amount of loan due to bank	28,382,865
Less: Current portion	(3,931,800)
Long term portion	24,451,065

Loan amounting to QR 29,445,000 was borrowed from a bank with an initial rate of interest of 7.5% per annum for the acquisition of land and building. The building under work in progress is secured with the bank.

12. OTHER LIABILITIES

	2008 QR.	2007 QR.
Accounts payable	3,081,616	752,539
Provision for legal cases	6,608,704	4,379,904
Dividend payable	7,634,090	2,701,074
Provisions and other accruals	12,487,982	8,258,149
	29,812,392	16,091,666

13. SHARE CAPITAL

	2008 QR.	2007 QR.
Share capital consists of:		
20,000,000 authorised, issued and fully paid shares of QR.10 each	200,000,000	200,000,000

14. LEGAL RESERVE

- In accordance with the Qatar Commercial Companies' Law No. 5 of 2002, 10% of net income for the year is to be transferred to legal reserve. This annual transfer may cease when the reserve equals 50% of the paid up capital. This reserve is not available for distribution.
- In first year of operations, a net surplus from share issuance fees in the amount of QR. 405,124 was transferred to the legal reserve

15. PROPOSED DIVIDEND

The Board of Directors have proposed a cash dividend of QR 2 per share totalling to QR 40,000,000 for the year 2008 (2007 : QR 24,000,000) in their meeting held on February 4, 2009, which is subject to the approval of the shareholders at the Annual General Assembly

16. BROKERAGE AND COMMISSION

a) Brokerage and commission income

Commission income comprises commission raised on share purchase and sale transactions less rebates offered to clients.

b) Brokerage and commission expenses

Commission expenses comprise fees paid to the Doha Stock Market and other direct brokerage costs.

17. INVESTMENT INCOME

	2008 QR.	2007 QR.
Profit on disposal of available-for-sale investments	7,252,536	2,180,748
Dividends received	1,161,277	1,718,620
	8,413,813	3,899,368

18. GENERAL AND ADMINISTRATIVE EXPENSES

	2008 QR.	2007 QR.
Consulting and professional expenses	1,086,537	944,551
DSM Membership fee and rental	273,000	313,219
Rent expenses	3,785,762	5,369,616
IT and communication costs	3,937,127	3,090,821
Marketing	3,607,100	2,834,834
Depreciation	6,305,902	6,876,704
Telephone and fax expenses	609,278	652,727
Travel expenses	452,694	488,081
Insurance expenses	486,065	430,083
Maintenance expenses	304,106	228,721
Governmental expenses	203,534	253,732
DSM penalty*	509,000	2,000,000
Bank guarantee fee	2,673,828	1,648,680
Miscellaneous expenses	326,234	331,477
	24,560,167	25,463,246

* The expense represents the penalty charged by DSM for violating in 2007 certain of its trading rules in accordance with DSM regulations.

19. PROVISION FOR LEGAL CASES

(I) The provision for legal cases represents a claim from a sub tenant of the Company, for duplicate rental paid by the sub tenant. The Company will raise a claim against the landlord, who received the duplicate rental payment. The Company has made a full provision amounting to QR2,228,800 during the year.

(II) In the previous year various claims were made by customers which are still outstanding. The Company made a full provision for these claims amounting to QR 4,379,905.

20. EARNINGS PER SHARE

	2008 QR.	2007 QR.
Net income attributable to parent company	50,504,832	25,058,665
Number of shares	20,000,000	20,000,000
Earnings per share	2.52	1.25

21. CASH AND CASH EQUIVALENTS

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in banks and deposits with original maturity of less than 90 days, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the year as shown in the cash flow statement can be reconciled to the related items in the balance sheet as follows:

	2008 QR.	2007 QR.
Cash and bank balances	248,249,388	114,498,062
Bank overdraft	--	(40,903,413)
Cash and cash equivalents at the end of the year	248,249,388	73,594,649

22. CONTINGENT LIABILITIES

	2008 QR.	2007 QR.
Letters of guarantee	462,500,000	235,000,000

23. FINANCIAL RISK MANAGEMENT

Interest rate risk exposures

Interest rate risk represents the exposure the Company faces to changes in interest rates on its financial assets and liabilities.

The Company is exposed to interest rate risk on its fixed deposits and loans. A 1% increase or decrease in the interest rate will result in an increase or decrease of QR 1,373,000 (2007:QR 556,910) in the assets and profit and loss.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's policy is to only transact with customers with credit balances. In certain special limited circumstances, the Company allows certain customers with good credit ratings to trade on a T+3 basis. The Company's exposure to its counterparties is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by management. Cash is placed with financial institutions with good credit ratings

Liquidity risk

Liquidity risk is the risk that the company 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 Company's exposure to liquidity risk is minimal. All financial liabilities with the exception of the loan are due within one year.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company does not hedge its exposure to currency risk. However, management is of the opinion that the Company's exposure to currency risk is minimal.

Market risk

The Company subject to market risk in relation to available-for-sale investments. The Company evaluates the current market value and other factors including normal volatility in share price for quoted equities and other relevant factors in order to manage its market risk.

A 10% increase or decrease in market value of the Company's portfolio of available-for-sale investment is expected to result in an increase or decrease of QR2,570,674 (2007:QR. 4,680,867) in the assets and equity of the Company.

Capital risk management

The Company manages its capital to ensure that it will be able to continue a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The capital structure of the Company consists of bank overdraft and equity, comprising issued capital, reserves and return earnings.

Gearing ratio

The Company's management reviews the capital structure on a regular basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

The gearing ratio at the year end is as follows:

	2008 QR.	2007 QR.
Debt (i)	28,382,865	40,903,413
Equity (ii)	240,418,363	222,933,150
Net debt to equity ratio	12%	18%

(i) Debt is defined as short term and long term borrowings.

(ii) Equity includes all capital and reserves of the Company attributable to equity holders.

24. COMPENSATION OF KEY MANAGEMENT PERSONNEL

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

	2008 QR.	2007 QR.
Short-term benefits – salary packages to senior managers	2,653,553	2,583,700
Bonuses to senior managers	500,000	143,520
Directors fees	1,800,000	1,350,000
	4,953,553	4,077,220

25. SUBSIDIARIES

Details of the Company's direct and indirect subsidiaries at December 31, 2008 are as follows:

<u>Name of subsidiary</u>	<u>Place of Incorporation</u>	<u>Proportion of Ownership interest</u>	<u>Principal activity</u>
Dlala Brokerage Company L.L.C.	Qatar	99.98%	Brokerage
Dlala Islamic Brokerage Company L.L.C.	Qatar	99.98%	Brokerage
Dlala Investments Company L.L.C. Investments	Qatar	99.90%	
Dlala International Company L.L.C. (Formerly known as Dlala Gulf Company L.L.C.)	Qatar	99.50%	Investments
Dlala Real Estate Company L.L.C.	Qatar	100%	Real Estate

26. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The following are the critical judgements that management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Available-for-Sale Investments

The Company treats available-for-sale equity investments as impaired when there has been a significant or prolonged decline in fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires considerable judgment and is done on a case by case basis. The Company evaluates among other factors, the normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities impairment on a case to case basis.

Management is confident that available-for-sale investments as at December 31, 2008 are not impaired, except those accounted for at year end.