DLALA BROKERAGE AND INVESTMENTS HOLDING COMPANY Q.S.C

CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2010

CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

Independent auditors' report to the shareholders of Dlala Brokerage and Investments Holding Company Q.S.C

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Dlala Brokerage and Investments Holding Company Q.S.C (the "Company") and its subsidiaries (together referred to as the "Group"), which comprise the consolidated statement of financial position as at 31 December 2010, the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Responsibility of the Directors for the consolidated financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 our 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, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2010, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards.

Report on other legal and regulatory requirements

In addition, in our opinion, the Group has maintained proper accounting records and the consolidated financial statements are in agreement therewith. We have reviewed the accompanying report of the Board of Directors and confirm that the financial information contained theron is in agreement with the books and records of the Group. We are not aware of any violations of the provisions of Qatar Commercial Companies law No.5 of 2002 or the terms of Articles of Association having occurred during the year which might have had a material effect on the business of the Group or its financial position as at 31 December 2010. Satisfactory explanations and information have been provided to us by the management in response to all our requests.

Ahmed Hussain
KPMG
Qatar auditor's registry no. 197

18 January 2011
Doha, State of Qatar

Consolidated statement of financial position
As at 31 December 2010 In Qatari Riyals '000

	Note	2010	2009
ASSETS			
Current assets			
Cash and bank balances	4	171,668	190,425
Bank balances – customer funds	5	309,436	309,340
Due from customers	6	53,426	31,694
Due from Qatar Exchange		104,371	8,000
Other assets	7	3,157	5,270
Total current assets		**642,058**	544,729
Non-current assets			
Available-for-sale investments	8	33,654	22,709
Property and equipment	9	59,270	59,600
Total non-current assets		**92,924**	82,309
Total assets		**734,982**	627,038
LIABILITIES AND EQUITY			
Current Liabilities			
Due to customers		462,177	378,791
Other liabilities	10	35,680	31,013
Total current liabilities		**497,857**	409,804
Non-current liabilities			
Provision for employees' end of service benefits		1,434	1,009
Total non-current liabilities		**1,434**	1,009
Total liabilities		**499,291**	410,813
EQUITY (page 6)			
Share capital	11	200,000	200,000
Legal reserve		10,713	9,399
Fair value reserve		7,477	820
Retained earnings		17,457	5,965
Total equity attributable to equity holders of the Group		**235,647**	216,184
Non-controlling interest		44	41
Total equity		**235,691**	216,225
Total liabilities and equity		**734,982**	627,038

The consolidated financial statements were approved by the Board of Directors and signed on its behalf by the following on 18 January 2011.

………………………………	……………………………………	…………………………………
Chairman	Vice Chairman	CEO
H.E Turki Mohammed Al-Khater	H.E Dr. Sheikh Hamad Bin Naser Al-Thani	Waleed Jassim Al-Mossallam

The accompanying notes 1 to 24 form an integral part of these consolidated financial statements
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Dlala Brokerage and Investments Holding Company Q.S.C

Consolidated income statement
For the year ended 31 December 2010 In Qatari Riyals '000

	Note	2010	2009
Income			
Brokerage and commission income	14a	57,041	65,502
Brokerage and commission expenses	14b	(17,665)	(20,038)
Brokerage and commission income, net		**39,376**	45,464
Finance income		8,134	11,582
Investment income	15	5,120	4,744
Reversal of provisions	18	4,229	3,165
		56,859	64,955
Expenses			
General and administrative expenses	16	(22,126)	(20,591)
Staff costs	17	(20,850)	(20,034)
Impairment of available-for-sale investments	8	(745)	(15,161)
Impairment of property and equipment	9	-	(9,445)
Finance costs		-	(680)
Total expenses		**(43,721)**	(65,911)
Profit/(loss) for the year		**13,138**	(956)
Attributable to			
Equity holders of the Group		13,135	(960)
Non-controlling interest		3	4
Profit/(loss) for the year		**13,138**	(956)
Earnings/(loss) per share (QR)	19	0.66	(0.05)

The accompanying notes 1 to 24 form an integral part of these consolidated financial statements.

Dlala Brokerage and Investments Holding Company Q.S.C

Consolidated statement of comprehensive income
For the year ended 31 December 2010

In Qatari Riyals '000

	Note	2010	2009
Profit/(loss) for the year		**13,138**	(956)
Other comprehensive income			
Net change in fair value of available-for-sale investments	8	**5,979**	2,611
Net change in fair value of available-for-sale investments transferred to statement of income	8	**745**	13,390
Cumulative change in fair value reserve transferred to income statement on disposal of associate		**-**	723
Cumulative change in fair value reserve transferred to income statement on disposal of available-for-sale investments	8	**(67)**	-
Total other comprehensive income for the year		**6,657**	16,724
Total comprehensive income for the year		**19,795**	15,768
Attributable to:			
Equity holders of the Group		**19,792**	15,764
Non-controlling interest		**3**	4
Total comprehensive income for the year		**19,795**	15,768

The accompanying notes 1 to 24 form an integral part of these consolidated financial statements.

Dlala Brokerage and Investments Holding Company Q.S.C

Consolidated statement of changes in equity
For the year ended 31 December 2010

In Qatari Riyals '000

	Share capital	Legal reserve	Fair value reserve	Retained earnings	Total equity attributable to equity holders of the Group	Non-controlling interest	Total equity
Balance at 1 January 2009	200,000	9,399	(15,905)	46,925	240,419	38	240,457
Total comprehensive income for the year							
Loss for the year	-	-	-	(960)	(960)	3	(957)
Other comprehensive income							
Net change in fair value of available-for-sale investments	-	-	2,611	-	2,611	-	2,611
Net change in fair value of available-for-sale investments transferred to statement of income	-	-	13,391	-	13,391	-	13,391
Cumulative change in fair value reserve transferred to statement of income on disposal of associate	-	-	723	-	723	-	723
Total other comprehensive income	-	-	16,725	(960)	15,765	3	15,768
Total comprehensive income for the year	-	-	16,725	(960)	15,765	3	15,768
Dividend	-	-	-	(40,000)	(40,000)	-	(40,000)
Transfer to legal reserve	-	-	-	-	-	-	-
Balance at 31 December 2009	200,000	9,399	820	5,965	216,184	41	216,225
Balance at 1 January 2010	200,000	9,399	820	5,965	216,184	41	216,225
Total comprehensive income for the year							
Profit for the year	-	-	-	13,135	13,135	3	13,138
Other comprehensive income							
Net change in fair value of available-for-sale investments	-	-	5,979	-	5,979	-	5,979
Net change in fair value of available-for-sale investments transferred to income statement	-	-	745	-	745	-	745
Cumulative change in fair value reserve transferred to income statement on disposal of available-for-sale investments	-	-	(67)	-	(67)	-	(67)
Total other comprehensive income	-	-	6,657	-	6,657	-	6,657
Total comprehensive income for the year	-	-	6,657	13,135	19,792	3	19,795
Dividend	-	-	-	-	-	-	-
Transfer to social fund	-	-	-	(329)	(329)	-	(329)
Transfer to legal reserve	-	1,314	-	(1,314)	-	-	-
Balance at 31 December 2010	**200,000**	**10,713**	**7,477**	**17,457**	**235,647**	**44**	**235,691**

The accompanying notes 1 to 24 form an integral part of these consolidated financial statements.

Dlala Brokerage and Investments Holding Company Q.S.C

Consolidated statement of cash flows
For the year ended 31 December 2010 In Qatari Riyals '000

	Note	2010	2009
Cash flows from operating activities			
Profit/(loss) for the year		13,138	(956)
Adjustments for:			
Depreciation	9	5,989	5,632
Finance income		(8,134)	(11,582)
Impairment of available-for-sale investments	8	745	15,161
Impairment on property and equipment	9	-	9,445
Provision for employees' end of service benefit		707	456
Profit on sale of available-for-sale investments and associate	15	(3,657)	(2,792)
Property and equipment write off		1,030	-
Finance costs		-	680
Reversal of provisions	18	(4,229)	(3,165)
		5,589	12,879
Changes in:			
Due from customers		(21,732)	(25,505)
Due from Qatar Exchange		(96,371)	67,137
Other assets		667	(2,202)
Customer funds		(96)	131,983
Due to customers		83,388	(199,913)
Other liabilities		8,567	(1,894)
Term deposits		80,000	(80,000)
Employees' end of service benefits paid		(281)	(315)
Net cash from/ (used in) operating activities		**59,731**	(97,830)
Cash flows from investing activities			
Proceeds from sale of available-for-sale investments		(1,377)	8,795
Proceeds from sale of associate		-	11,842
Purchase of property and equipment	9	(6,689)	(9,941)
Proceeds from sale of property and equipment		-	3
Finance income received		9,578	12,110
Net cash from investing activities		**1,512**	22,809
Cash flows from financing activities			
Dividend paid		**-**	(33,739)
Finance costs paid		**-**	(680)
Repayment of loan		**-**	(28,384)
Net cash (used in) financing activities		**-**	(62,803)
Net increase/(decrease) in cash and cash equivalents		61,243	(137,824)
Cash and cash equivalents at 1 January		110,425	248,249
Cash and cash equivalents at 31 December	4.1	**171,668**	110,425

The accompanying notes 1 to 24 form an integral part of these consolidated financial statements.

1 LEGAL STATUS AND PRINCIPAL 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, Qatar Exchange and Qatar Financial Markets Authority regulations.

The consolidated financial statements of the Company as at end for the year ended 31 December 2010 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The Company together with its subsidiaries is engaged in brokerage activities at the Qatar Exchange and in investment activities.

2 BASIS OF PREPARATION

a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the applicable requirements of Qatar Commercial Companies' Law No. 5 of 2002.

The consolidated financial statements were authorised for issue by the Board of Directors on 18 January 2011.

b) Basis of measurement

The consolidated financial statements are prepared under the historical cost convention except for available-for-sale investments measured at fair value.

c) Functional and presentation currency

These consolidated financial statements are presented in Qatari Riyals (QR), which is the Company's functional currency. All financial information presented in QR has been rounded to the nearest thousand.

d) Use of estimates and judgements

The preparation of the consolidated financial statements in conformity with IFRSs 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. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements are disclosed in note 21.

2 BASIS OF PREPARATION (continued)

e) Standards, amendments and interpretations issued

New standards, amendments and interpretations issued and effective on or after 1 January 2010

The following standards, amendments and interpretations, which became effective in 2010 are relevant to the Group:

i) IAS 27 Consolidated and Separate Financial Statements (amended 2008)

The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost; any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in profit or loss. The Group has applied IAS 27 (revised) prospectively from 1 January 2010 to transactions with non-controlling interests and for transactions resulting in loss of control. The change in accounting policy was applied prospectively and had no material impact on the consolidated financial statements.

ii) Improvements to IFRSs (2009)

Improvements to IFRS issued in April 2009 contained numerous amendments to IFRS that the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes to presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. The amendments are effective for annual periods beginning on or after 1 January 2010 with earlier adoption permitted. There were no material changes to the current accounting policies of the Group as a result of these amendments.

New standards, amendments and interpretations issued and not yet effective for the year ended 31 December 2010 and not yet adopted

The following standards and interpretations have been issued and are expected to be relevant to the Group but not yet effective for the year ended 31 December 2010.

i) IFRS 9 'Financial Instruments'

Standard issued in November 2009 (IFRS 9 (2009))

IFRS 9 (2009) "Financial Instruments" is the first standard issued as part of a wider project to replace IAS 39 "Financial instruments: recognition and measurement". IFRS 9 (2009) retains and simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment and hedge accounting continues to apply. The 2009 standard did not address financial liabilities.

2 BASIS OF PREPARATION (continued)

e) Standards, amendments and interpretations issued (continued)

New standards, amendments and interpretations that issued and not yet effective for the year ended 31 December 2010 and not yet adopted (continued)

i) IFRS 9 'Financial Instruments' (continued)

Standard issued in October 2010 (IFRS 9 (2010))

IFRS 9 (2010) adds the requirements related to the classification and measurement of financial liabilities, and derecognition of financial assets and liabilities to the version issued in November 2009. It also includes those paragraphs of IAS 39 dealing with how to measure fair value and accounting for derivatives embedded in a contract that contains a host that is not a financial asset, as well as the requirements of IFRIC 9 "reassessment of Embedded Derivatives"

The Group is yet to assess IFRS9's full impact. Given the nature of the Group's operations, this standard is not expected to have a pervasive impact on the Group's consolidated financial statements,

While adoption of IFRS 9 is mandatory from 1 January 2013, earlier adoption is permitted. Prior periods need not be restated if an entity adopts the standard for reporting periods beginning before 1 January 2012.

ii) Revised IAS 24 (revised), Related party disclosures

It was issued in November 2009 and is mandatory for periods beginning on or after 1 January 2011. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. When the revised standard will be applied, the Group and the parent will need to disclose transactions between its subsidiaries and its associates. The Group is currently putting systems in place to capture the necessary information.

iii) Improvements to IFRSs 2010

Improvements to IFRS issued in 2010 contained numerous amendments to IFRS that the IASB considers non-urgent but necessary. 'Improvements to IFRS' comprise amendments that result in accounting changes to presentation, recognition or measurement purposes, as well as terminology or editorial amendments related to a variety of individual IFRS standards. The amendments are effective for the Group's 2011 annual financial statements with earlier adoption permitted. No material changes to accounting policies are expected as a result of these amendments.

Early adoption of standards
The Group did not early-adopt new or amended standards in 2010.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities. Certain comparative amounts have been reclassified to conform to the current year's presentation. Such reclassifications did not have any impact on the profit or the equity for the prior year.

(a) Basis of consolidation

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

The consolidated financial statements include the financial statements of Dlala Brokerage and Investments Holding Company Q.S.C and the following subsidiaries.

	Country of Incorporation	Percentage interest 2010	2009
▪ Dlala Brokerage W.L.L.	Qatar	99.98%	99.98%
▪ Dlala Islamic Brokerage W.L.L.	Qatar	99.98%	99.98%
▪ Dlala Real Estate L.L.C.	Qatar	100.00%	100.00%
▪ Dlala Investment Company L.L.C (Dormant).	Qatar	99.90%	99.50%
▪ Dlala International W.L.L (Dormant).	Qatar	99.50%	99.50%
▪ Dlala Information Technology S.P.C (Dormant)	Qatar	100.00%	100.00%

(b) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortized cost in foreign currency translated at the exchange rate at the end of the year.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Foreign currency transactions (continued)

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on retranslation are recognized in profit or loss, except for differences arising on the retranslation of available-for-sale equity investments which are recognized in other comprehensive income.

(c) Revenue recognition

Brokerage and commission income is recognized when a sale or purchase transaction is completed and when the Group's right to receive the income has been established.

Dividend income is recognized by the Group when the right to receive the income is established. This is usually the ex-dividend date for equity securities.

Finance income from term deposits is recognized on a time-apportioned basis over the period of the deposit using the effective interest rate method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of a financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability.

(d) Financial instruments

Financial instruments comprise financial assets and financial liabilities. Financial assets consist of cash and bank balances, available-for-sale investments and loans and receivables. Financial liabilities consist of due to customers and other liabilities.

(i) Non-derivative financial assets

The Group initially recognizes loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized as a separate asset or liability.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial instruments (continued)

Non-derivative financial assets (continued)

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Cash and bank balances

For the purposes of the cash flow statement, cash and bank balances consist of cash in hand, balances with banks and short term deposits with a maturity of less than three months.

Available-for-sale investment securities

Available-for-sale investment securities are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the above categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale debt instruments, are recognized in other comprehensive income and presented in the fair value reserve in equity. When an investment is derecognized, the gain or loss accumulated in equity is reclassified to the income statement.

The available-for-sale investments of the Group comprise only equity securities.

Loans and other receivables

Loans and other receivables comprise due from customers and the Qatar Exchange.

Loans and other receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

(ii) Non-derivative financial liabilities

Liabilities are recognized for amounts to be paid in future for goods or services received by the Group. Financial liabilities (including liabilities designated at fair value through profit or loss) are recognized initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method. Other financial liabilities comprise other liabilities.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Financial instruments (continued)

Non-derivative financial liabilities (continued)

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(e) Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

Fair value is determined for each investment individually in accordance with the valuation policies set out below:

For investments that are traded in organized financial markets, fair value is determined by reference to the quoted market price prevailing on the reporting date.

For unquoted investments, fair value is determined by reference to recent significant buy or sell transactions with third parties that are either completed or are in progress. Where no recent significant transactions have been completed or are in progress, fair value is determined by reference to similar investments where market observable prices exist, adjusted for any material differences in the characteristics of these investments. For others, the fair value is based on the net present value of estimated future cash flows, or other relevant valuation methods.

For investments that have fixed or determinable cash flows, fair value is based on the net present value of estimated future cash flows determined by the Group using current profit rates for investments with similar terms and risk characteristics.

Investments in funds, unit trusts, or similar investment entities are carried at the latest net asset valuation provided by the fund administrator.

Investments which cannot be remeasured to fair value using any of the above techniques are carried at cost or at a previously revalued amount, less provision for any impairment.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment (if any). Depreciation is computed using the straight-line method to write-off the cost of the assets over their estimated useful lives as follows:

Building	5%
Leasehold improvements	20%
Furniture and fixture	10%
Computers and software	20% - 33.33%
Office equipment	20%
Motor vehicles	20%

The carrying values of property and equipment 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 relevant amount.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of income in the year the asset is derecognized.

Capital work in progress
This account represents work-in-progress on assets, which are carried at cost, less any recognized impairment loss. Upon the completion of the work, the balance of work performed is transferred to the relevant property and equipment category. The Group is currently developing a software which is expected to be operational next year, accordingly all the expenses incurred on it are capitalized.

(g) Impairment

i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Impairment losses, if any, are recognized in the statement of income and reflected in an allowance account created for this purpose.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. Any subsequent recovery in the impaired available-for-sale investments is recognized in other comprehensive income.

3 SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Impairment (continued)

ii) Non-financial assets

The carrying amount of the Group's assets, other than financial assets, is reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its estimated recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Impairment losses are recognized in the statement of income. Impairment losses are reversed only if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount.

(h) Employee end of service benefits

Non Qatari Employees

The Group 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 Group treats this obligation as a non-current liability.

Qatari Employees

With respect to the Qatari employees, the Group 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 Group's obligations are limited to the contributions which are expensed when due.

(i) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

(j) Dividend

Dividends to shareholders are recognised as a liability in the period in which it is declared.

(k) Operating Segment

The Group has four reportable segments. the Group determines and presents operating segments based on the information that internally is provided to the CEO, who is the Group's Chief Operating Decision Maker. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses.

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4. CASH AND BANK BALANCES

	2010	2009
Cash on hand	36	23
Fixed deposits	128,500	137,500
Call accounts	24,959	26,056
Current accounts	18,173	26,846
	171,668	190,425

Fixed deposits and call accounts represent short term placements with various banks, with effective interest rate ranging from 3% to 3.5%, and maturity up to 2 months.

4.1 CASH AND CASH EQUIVALENTS

	2010	2009
Cash on hand	36	23
Fixed deposits	128,500	57,500
Call accounts	24,959	26,056
Current accounts	18,173	26,846
	171,668	110,425

Fixed deposits within cash and cash equivalents represent the portion that matures within three months.

5. BANK BALANCES – CUSTOMER FUNDS

Customer funds of QR 309,436 (2009: QR 309,340) represent bank balances for customers, which the Group holds in trust until the customers commit those funds to the purchase of shares following which the Group transfers the committed funds to the Group's bank accounts and settles the transaction with the settlement authority.

6. DUE FROM CUSTOMERS

	2010	2009
Amounts due from customers	57,456	35,724
Less: impairment loss for doubtful debts	(4,030)	(4,030)
Net	**53,426**	31,694

The Group 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 Group is transaction day plus three days.

7. OTHER ASSETS

	2010	2009
Profit and interest accrued on time and call deposits	931	1,598
Prepayments and other debit balances	2,226	3,672
	3,157	5,270

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8. AVAILABLE-FOR-SALE INVESTMENTS

	Quoted	Unquoted	Total
At Cost			
As at 1 January 2009	**36,825**	**6,891**	**43,716**
Acquisition during the year	**-**	-	**-**
Transferred from associate	-	104	104
Impairment	(13,233)	(1,928)	(15,161)
Disposal during the year	(4,729)	(2,041)	(6,770)
As at 31 December 2009	**18,863**	**3,026**	**21,889**
Acquisition during the year	13,090	991*	14,081
Impairment	(745)	-	(745)
Disposal during the year	(7,998)	(1,050)*	(9,048)
As at 31 December 2010	**23,210**	**2,967**	**26,177**
Fair value adjustments			
As at 1 January 2009	**(14,375)**	**(806)**	**(15,181)**
Reversal of fair value reserve on disposal	12,944	446	13,390
Movement during the year	2,366	245	2,611
As at 31 December 2009	**935**	**(115)**	**820**
Transfer to income statement on disposal.	(67)	-	(67)
Movement during the year	5,801	178	5,979
Impairment loss transferred to income statement	745	-	745
As at 31 December 2010	**7,414**	**63**	**7,477**
As at December 31, 2010	**30,624**	**3,030**	**33,654**
As at December 31, 2009	19,798	2,911	22,709

All the available-for-sale investments represent investments in equity securities within the Middle East region.

Impairment of QR. 745,532 has been recorded during the current year on the equity portfolio. This includes impairment of QR. 715,000 on Nakilat and QR 30,532 on Al Mal Capital, on the basis of a significant decline in the market value from cost.

*During the year, the First Leasing Company investment has been exchanged for Barwa Bank (Qatari Private Shareholding Company) ("BB") shares at a ratio of 0.59 BB shares for one FLC share. The investment in BB has been classified as available-for-sale on initial recognition.

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9. PROPERTY AND EQUIPMENT

	Land	Building	Leasehold improvements	Furniture and fixtures	Computers and software	Office equipment	Motor vehicles	Capital work in progress	Total
Cost:									
As at 1 January 2009	36,307	-	1,247	2,017	26,335	1,862	357	14,098	82,223
Additions	157		3	4	1,135	23	-	8,619	9,941
Disposal	-	-	-	-	-	(3)	-	-	(3)
Transfer	-	-	-	-	1,310	-		(1,310)	-
As at 31 December 2009	36,464	-7	1,250	2,021	28,780	1,882	357	21,407	92,161
Additions	-	766	39	228	572	283	222	4,579	6,689
Disposal / write off	-	-	(1,219)	(781)	-	-	-	(227)	(2,227)
Transfer	-	11,105	-	97	2,046	-	-	(13,248)	-
As at 31 December 2010	**36,464**	**11,871**	**70**	**1,565**	**31,398**	**2,165**	**579**	**12,511**	**96,623**
Depreciation:									
As at 1 January 2009	-	-	476	608	15,602	683	115	-	17,484
Charge for the year	-	-	249	202	4,737	373	71	-	5,632
Impairment	7,367	-	-					2,078	9,445
As at 31 December 2009	7,367	-	725	810	20,339	1,056	186	2,078	32,561
Charge for the year	-	445	114	177	4,751	400	102	-	5,989
Disposal / write off	-	-	(809)	(388)	-	-	-	-	(1,197)
As at 31 December 2010	**7,367**	**445**	**30**	**599**	**25,090**	**1,456**	**288**	**2,078**	**37,353**
Net book value:									
As at 31 December 2010	**29,097**	**11,426**	**40**	**966**	**6,308**	**709**	**291**	**10,433**	**59,270**
As at 31 December 2009	29,097	-	525	1,211	8,441	826	171	19,329	59,600

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10. OTHER LIABILITIES

	2010	2009
Dividend payable	13,695	13,895
Accounts payable	8,251	4,841
Unearned commission	3,592	846
Provision for legal cases	2,500	4,225
Staff provisions	1,970	1,333
Provision for bonus	2,000	3,666
Social and sports fund	329	-
Provisions and other accruals	3,343	2,207
	35,680	31,013

11. SHARE CAPITAL

	2010	2009
Share capital consists of:		
20,000,000 authorized, issued and fully paid shares of QR.10 each with each carrying equal voting rights.	**200,000**	200,000

11.1 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.

11.2 FAIR VALUE RESERVES

The fair value reserve includes the cumulative net change in the fair value of available-for-sale investments, excluding impairment losses, until the investment is derecognized.

12. SOCIAL AND SPORTS FUND

During the year, the Group made an appropriation of QR 329 representing 2.5% of the net profit for the year ended 31 December 2010, pursuant to the Law No.13 for the year 2008 and further clarifications for the Law issued in 2010. This amount has been appropriated from retained earnings.

13. PROPOSED DIVIDEND

The Board of Directors have proposed a cash dividend of QR 0.85 per share totaling to QR 17,000 for the year 2010 in their meeting held on January 18, 2011, which is subject to the approval of the shareholders at the Annual General Assembly.

14. BROKERAGE AND COMMISSION

a) Brokerage and Commission income

Brokerage and commission income of QR. 57,041 (2009: QR. 65,502) comprises commissions charged on share purchase and sell transactions less rebates offered to clients.

b) Brokerage and commission expenses

Brokerage and commission expenses of QR. 17,665 (2009: QR. 20,038) comprise fees paid to the Qatar Exchange and other direct brokerage costs.

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15. INVESTMENT INCOME

	2010	2009
Profit on disposal of available-for-sale investments and associate	3,657	2,792
Dividends received	1,463	1,952
	5,120	4,744

16. GENERAL AND ADMINISTRATIVE EXPENSES

	2010	2009
Consulting and professional expenses	1,543	728
Qatar Exchange membership fee	276	273
Rent expenses	4,128	3,857
IT and communication costs	3,962	4,192
Marketing	1,851	1,825
Depreciation	5,989	5,632
Write off	1,030	-
Telephone and fax expenses	636	564
Travel expenses	99	133
Insurance expenses	278	531
Maintenance expenses	342	201
Governmental expenses	85	212
Bank guarantee fee	1,675	1,958
Miscellaneous expenses	232	485
	22,126	20,591

17. STAFF COSTS

	2010	2009
Salaries and allowances	16,809	18,438
Provision for end of service benefits	707	456
Provision for air tickets	966	668
Provision for Board of Directors bonus	900	-
Provision for staff bonus	1,100	-
Other staff costs	368	472
	20,850	20,034

18. REVERSAL OF PROVISIONS

	2010	2009
Reversal of provision for bonus for prior years	2,504	-
Reversal of provision for litigation and claims*	1,725	-
Reversal of provision for operational losses	-	3,165
	4,229	3,165

*During the current year the Group received a legal ruling in its favor for one of the pending legal claims, and accordingly reversed the excess provision held.

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19. EARNINGS/(LOSS) PER SHARE

	2010	2009
Net profit/(loss) attributable to equity holders of the Group	13,138	(956)
Number of shares	20,000	20,000
Basic earnings/(loss) per share	**0.66**	(0.05)

There were no potentially dilutive shares outstanding at any time during the year therefore, the diluted earnings/(loss) per share are equal to the basic earnings/(loss) per share.

20. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include entities over which the Group exercises significant influence, shareholders and key management personnel of the Group.

Key management personnel of the Group comprise the Board of Directors and key members of management having authority and responsibility for planning, controlling and directing the activities of the Group. Transactions with related parties include salaries and other short term benefits paid to directors and other members of key management.

Board of Directors remuneration charged to the income statement for the year amounted to QR 900.

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

	2010	2009
Short-term benefits – salary packages to senior managers	**2,384**	2,517

There were no other related party transactions during the year that require disclosure in these consolidated financial statements. The terms and conditions of the transactions with key management personnel and related parties were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm’s length basis.

21. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Impairment on available-for-sale investments

The Group determines that available-for-sale equity investments are impaired when there has been a ‘significant’ or ‘prolonged’ decline in the fair value below its cost. This determination of what is ‘significant’ or ‘prolonged’ requires judgment and is assessed based on qualitative and quantitative factors, for each available-for-sale investment separately. In making a judgment of impairment, the Group evaluates among other factors, evidence of deterioration in the financial health of the entity, impact of delay in execution, industry and sector performance, changes in technology and operational and financing cash flows.

21. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Impairment of receivables

An estimate of the collectible amount of receivables is made when collection of the full amount is no longer probable. This determination of whether these receivables are impaired entails the Company evaluating, the credit and liquidity position of the customers. The difference between the estimated collectible amount and the book amount is recognized as an expense in the statement of income. Any difference between the amounts actually collected in the future periods and the amounts expected will be recognized in the income statement at the time of collection.

Depreciation and impairment of property and equipment

The cost of property and equipment is depreciated over the estimated useful life, which is based on expected usage of the asset, the repair and maintenance program and technological obsolescence arising from changes. The management has not considered any residual value as it is deemed immaterial.

The carrying amounts of the Group’s property and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset exceeds its estimated recoverable amount.

22. FINANCIAL RISK MANAGEMENT

Overview

Financial instruments represent the Group’s financial assets and liabilities. Financial assets include cash and bank balances, available-for-sale investments and certain other assets. Significant financial liabilities include customer accounts. Accounting policies for financial instruments are set out in note 3.

The Group has exposure to various risks from its use of financial instruments. These risks can be broadly classified as:

- credit risk;
- liquidity risk;
- market risk; and
- operational risk

This note presents information about the Group’s exposure to each of the above risks, the Group’s objectives, policies and processes for measuring and managing risk, and the Group’s management of capital.

CREDIT RISK

Credit risk is the risk that an obligor or counterparty will fail to meet its obligations in accordance with agreed terms. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and economic sector risk).

Management of credit risk

The Group has a policy to only transact with customers with credit balances. In certain special limited circumstances, the Group allows certain customers with good credit ratings to trade on a T+3 basis. The Group’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 the management. Cash is placed with financial institutions with good credit ratings.

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22. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK (Continued)

Exposure to credit risk:

The aging of the following non-derivative financial assets at the reporting date was:

As at 31 December 2010:	**Cash and bank balances**	**Bank balances – customer funds**	**Due from customers**	**Due from Qatar Exchange**	**Available-for-sale investments**	**Other financial assets**	**Total carrying value**
On statement of financial position items							
Neither past due nor impaired							
1 – 90 days	171,668	309,436	53,426	104,371	32,909	931	672,741
91 – 180 days	-	-	-	-	-	-	-
181 – 365 days	-	-	-	-	-	-	-
More than 365 days	-	-	-	-	-	-	-
Individually impaired	-	-	4,030	-	745	-	4,775
Total	**171,668**	**309,436**	**57,456**	**104,371**	**33,654**	**931**	**677,516**

As at 31 December 2009:	Cash and bank balances	Bank balances – customer funds	Due from customers	Due from Qatar Exchange	Available-for-sale investments	Other financial assets	Total carrying value
On statement of Financial position items							
Neither past due nor impaired							
1 – 90 days	190,425	309,340	31,694	8,000	22,709	1,598	563,766
91 – 180 days	-	-	-	-	-	-	-
181 – 365 days	-	-	-	-	-	-	-
More than 365 days	-	-	-	-	-	-	-
Individually impaired	-	-	4,030	-	-	-	4,030
Total	190,425	309,340	35,724	8,000	22,709	1,598	567,796

22. FINANCIAL RISK MANAGEMENT (continued)

CREDIT RISK (Continued)

Concentration risk

Concentration risk is any single exposure or Group of exposures with the potential to produce losses large enough to threaten the Group's health or ability to maintain its core operations. Such concentrations include:

- Significant exposures to an individual counterparty or Group of related counterparties
- Credit exposures to counterparties in the same economic sector or geographical region
- Credit exposures to counterparties whose financial performance is dependent on the same activity or commodity
- Indirect credit exposures arising from the Group's credit risk mitigation activities (e.g. exposure to a single collateral type or to credit protection provided by a single counterparty).

The Group has a diversified customer base with no significant exposure to any individual counterparty or in any particular economic sector, therefore the concentration of credit risk is not considered to be significant for the Group.

LIQUIDITY RISK

Liquidity risk is the potential loss for the Group arising from its inability either to meet its obligations or fund the assets without incurring unacceptable costs or losses.

Management of liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following table sets out the maturity profile of the Group's financial assets and financial liabilities. The contractual maturities of financial assets and financial liabilities have been determined on the basis of the remaining period at the financial position date to the contractual maturity date. Management monitors the maturity profile to ensure that adequate liquidity is maintained.

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22. FINANCIAL RISK MANAGEMENT (continued)

LIQUIDITY RISK (Continued)

Maturity Profile

The maturity profile of the Group's financial assets and financial liabilities as at 31 December 2010 was as follows:

GROSS UNDISCOUNTED CASHFLOWS

	On Demand	**Up to 3 months**	**3 to 6 months**	**6 months to 1 year**	**1 to 3 years**	**Over 3 years**	**Total**
ASSETS							
Cash and bank balances	43,168	128,500	-	-	-	-	171,668
Bank balances – customer funds	309,436	-	-	-	-	-	309,436
Available-for-sale investments	-	-	33,654	-	-	-	33,654
Due from customers	-	53,426	-	-	-	-	53,426
Due from Qatar Exchange	-	104,371	-	-	-	-	104,371
Other financial assets	-	931	-	-	-	-	931
	352,604	**287,228**	**33,654**	**-**	**-**	**-**	**673,486**
LIABILITIES							
Due to customers	462,177	-	-	-	-	-	462,177
MATURITY GAP	**(109,573)**	**287,228**	**33,654**	**-**	**-**	**-**	**211,309**

The maturity profile of the Group's financial assets and financial liabilities as at 31 December 2009 was as follows:

	On Demand	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	Over 3 years	Total
ASSETS							
Cash and bank balances	52,925	57,500	80,000	-	-	-	190,425
Bank balances – customer funds	309,340	-	-	-	-	-	309,340
Available-for-sale investments	-	-	-	22,709	-	-	22,709
Due from customers	-	31,694	-	-	-	-	31,694
Due from Qatar Exchange	-	8,000	-	-	-	-	8,000
Other financial assets	-	1,598	-	-	-	-	1,598
	362,265	98,792	80,000	22,709	-	-	563,766
LIABILITIES							
Due to customers	378,791	-	-	-	-	-	378,791
MATURITY GAP	(16,526)	98,792	80,000	22,709	-	-	184,975

22. FINANCIAL RISK MANAGEMENT (continued)

The table above considered the Group’s financial assets and liabilities on the basis of their earliest possible contractual maturity and liquidity profile. The Group’s expected cash flows on these instruments do not vary significantly from this analysis.

Exposure to liquidity risk

The Group’s liquid assets include cash and cash equivalents and marketable securities. The table below lists the liquidity indicators that the Group monitors:

No.	Indicators	As at 31 December 2010	As at 31 December 2009
1	Current assets/ total assets	**87%**	21%
2	Current assets / current liabilities	**125%**	133%

MARKET RISK

Market Risk is the risk of losses in both on and off balance sheet positions arising from movements in market prices. These risks include the risk pertaining to interest rate related instruments and equities and foreign exchange risk throughout the Group.

Management of market risk

The Group is subject to market risk in relation to available-for-sale investments. The Group evaluates the current market value and other factors including normal volatility in share price for quoted equities and other relevant factors such as investment manager’s periodic reports relating to unquoted equities in order to manage its market risk.

Market risk has three main components:

- Interest rate risk;
- Foreign exchange risk; and
- Equity price risk

Interest rate risk

Interest rate risk arises when there is a mismatch between positions which are subject to interest rate adjustment within a period. In the Group’s funding and investment activities, fluctuations in interest rates are reflected in profit margins and earnings.

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22. FINANCIAL RISK MANAGEMENT (continued)

Interest rate risk (continued)
Maturities of assets and liabilities have been determined on the basis of contractual pricing. The following table summarizes the repricing profile of the Group's financial assets, liabilities:

As at 31 December 2010	**Up to 3 months**	**3 to 6 months**	**6 months to 1 year**	**1 to 3 years**	**Over 3 years**	**Non-Interest sensitive**	**Total**
ASSETS							
Cash and bank balances	153,459	-	-	-	-	18,209	171,668
Bank balances – customer funds	-	-	-	-	-	309,436	309,436
Available-for-sale investments	-	-	-	-	-	33,654	33,654
Due from customers	-	-	-	-	-	53,426	53,426
Due from Qatar Exchange	-	-	-	-	-	104,371	104,371
Other financial assets	-	-	-	-	-	931	931
	153,459	**-**	**-**	**-**	**-**	**520,027**	**673,486**
LIABILITIES							
Due to customers	-	-	-	-	-	462,177	462,178
MATURITY GAP	**153,459**	**-**	**-**	**-**	**-**	**57,850**	**211,309**

As at 31 December 2009	Up to 3 months	3 to 6 months	6 months to 1 year	1 to 3 years	Over 3 years	Non-Interest sensitive	Total
ASSETS							
Cash and bank balances	83,556	80,000	-	-	-	26,869	190,425
Bank balances – customer funds	-	-	-	-	-	309,340	309,340
Available-for-sale investments	-	-	-	-	-	22,709	22,709
Due from customers	-	-	-	-	-	31,694	31,694
Due from Qatar Exchange	-	-	-	-	-	8,000	8,000
Other financial assets	-	-	-	-	-	1,598	1,598
	83,556	80,000	-	-	-	400,210	563,766
LIABILITIES							
Due to customers	-	-	-	-	-	378,791	378,791
MATURITY GAP	83,556	80,000	-	-	-	21,419	184,975

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

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22. FINANCIAL RISK MANAGEMENT (continued)

Foreign exchange risk

Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Group has no significant concentration of currency risk as almost all financial assets and liabilities are denominated in the functional currency that is Qatari Riyals.

Equity price risk

Equity price risk is the risk that the fair value of equities decreases as the result of adverse changes in equity prices or indices, or fair value of individual stocks. Equity price risk arises from the Group's investment portfolio. The Group conducts investment activity in listed and unlisted securities. The Group manages this risk through diversification of its investments in terms of industry concentration and by seeking representation on the Board of Directors within the investee companies. Investments are managed within maximum concentration risk limits.

A change in fair value (unless permanent) of equities classified as available-for-sale do not impact statement of income and directly impacts statement of changes in equity of the Group. As at 31 December 2010, a 10% change in the equity price of these equity investments, with all other variables constant, would have resulted in a QR. 2,618 thousand (2009: QR. 2,188 thousands) impact on the statement of changes in equity.

A decline in the fair value of investments classified as investments carried at fair value through profit or loss has a direct impact on the profit or loss. As at 31 December 2010, the Group does not own any investments carried at fair value through profit or loss, hence a change in the equity price of investments carried at fair value through profit or loss, with all other variables constant, would have no impact on the statement of income.

The effect of equity price risk as a result of a change in the fair value of financial instruments held as available-for-sale and carried at fair value through profit or loss, due to a 10% change in equity prices, with all other variables held constant, is as follows:

	Equity Exposure 2010	**Effect on Statement of changes in equity + / (-)**	**Equity Exposure 2009**	**Effect on Statement of changes in equity + / (-)**
Quoted	**23,210**	**2,321 / (2,321)**	18,863	1,886 / (1,886)
Unquoted	**2,967**	**297 / (297)**	3,026	303 / (303)

22. FINANCIAL RISK MANAGEMENT (continued)

OPERATIONAL RISK

Operational risk is the risk of loss arising from systems and control failures, fraud and human errors, which can result in financial and reputation loss, and legal and regulatory consequences. The Group manages operational risk through appropriate controls, instituting segregation of duties and internal checks and balances, including internal audit and compliance.

CAPITAL MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the equity balance. The Group's overall strategy remains unchanged from 2009.

The capital structure of the Group consists of, cash and bank balances and equity, comprising issued capital, reserves and retained earnings.

23. FAIR VALUES AND CLASSIFICATION OF FINANCIAL INSTRUMENTS

Fair value is an amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value of the financial assets and liabilities are not considered to be significantly different from their book values as these items are either short-term in nature or repriced frequently.

Level in the fair value hierarchy

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market price in an active market for a similar instrument, quoted price for an identical instrument in markets that are considered less active, or other valuation techniques where all significant inputs are directly or indirectly observable from market data.
- Level 3: Valuation techniques using unobservable inputs.

Fair values of financial assets and liabilities that are traded in active markets are based on quoted market prices or dealer quotations. For all other financial instruments the Group determines fair value using valuation techniques.

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23. FAIR VALUES AND CLASSIFICATION OF FINANCIAL INSTRUMENTS (Continued)

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	Fair value measurement at end of 31 December 2010 using:			
	Fair value	**Level 1**	**Level 2**	**Level 3**
Financial assets				
Available-for-sale investments	**33,654**	**30,624**	**3,030**	-

	Fair value measurement at end of 31 December 2009 using:			
	Fair value	Level 1	Level 2	Level 3
Financial assets				
Available-for-sale investments	22,709	19,798	2,911	

Level 2 financial assets represent available-for-sale investments in unquoted equity instruments for which fair values are mainly determined based on dealer quotations.

24. OPERATING SEGMENTS

The Group is organized into three main operating segments which comprise stock broking, real estate, IT & International and other activities. The results of each of the operating segments which are being reviewed regularly by the Chief Operating Decision Maker are stated below:

31 December 2010	**Stock broking**	**Real estate**	**IT and international**	**Others**	**31 December 2010**
External revenue	**49,545**	**1,888**	**900**	**4,708**	**57,041**
Inter-segment revenue	-	-	-	-	-
Reportable segment profit/(loss)	**13,997**	**273**	**895**	**(2,027)**	**13,138**
Reportable segment assets	**599,937**	**55,640**	**20,939**	**58,466**	**734,982**

31 December 2009	Stock broking	Real estate	IT and international	Others	31 December 2009
External revenue	57,045	1,019	533	6,905	65,502
Inter-segment revenue	-	-	-	-	-
Reportable segment profit/(loss)	11,170	(4,968)	495	(7,653)	(956)
Reportable segment assets	519,189	27,139	20,733	59,977	627,038