

DLALA BROKERAGE AND INVESTMENTS
HOLDING COMPANY (QSC)
DOHA - QATAR

INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD
ENDED JUNE 30, 2006
TOGETHER WITH REVIEW REPORT

DLALA BROKERAGE AND INVESTMENTS HOLDING COMPANY (QSC)
DOHA - QATAR
JUNE 30, 2006

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QR. 32219

ACCOUNTANTS' REVIEW REPORT

To The Board of Directors

Dlala Brokerage and Investments Holding Company (QSC)

Doha - Qatar

We have reviewed the accompanying interim consolidated balance sheet of **Dlala Brokerage and Investments Holding Company (QSC)**, as of June 30, 2006 and the related interim consolidated statements of income, changes in shareholders' equity and cash flows for the six month period then ended. These interim consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our review.

We conducted our review in accordance with **International Standard on Review Engagements 2400**. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim consolidated financial statements are free of material misstatement. A review is limited primarily to inquiries of Company's personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review and except for what is mentioned above, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements are not presented fairly, in all material respects, in accordance with **International Accounting Standard-34 "Interim Financial Reporting"**.

For Deloitte & Touche

**Doha - Qatar
July 26, 2006**

**Muhammad Bahemia
License No. 103**

DLALA BROKERAGE AND INVESTMENTS HOLDING COMPANY (QSC)
DOHA - QATAR

INTERIM CONSOLIDATED BALANCE SHEET
AS OF JUNE 30, 2006

<u>ASSETS</u>	<u>Note</u>	<u>June 30,</u> <u>2006</u> <u>(Reviewed)</u> <u>QR.</u>	<u>December 31,</u> <u>2005</u> <u>(Reviewed)</u> <u>QR.</u>
Current Assets:			
Cash on hand and at banks		288,944,158	158,041,432
Due from a related party		--	20,000
Prepayments and other debit balances		4,664,225	4,673,194
		-----	-----
Total Current Assets		293,608,383	162,734,626
Available-for-Sale Investments		47,481,488	31,113,497
Properties and Equipment	4	18,131,049	11,904,870
		-----	-----
Total Assets		359,220,920	205,752,993
		=====	=====
 <u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
Liabilities:			
Current Liabilities:			
Customers' accounts		166,869,034	--
Accounts payable		2,832,317	5,748,435
Accruals and other credit balances		2,014,731	357,397
		-----	-----
Total Current Liabilities		171,716,082	6,105,832
		-----	-----
Shareholders' Equity:			
Share capital	5	200,000,000	200,000,000
Legal reserve	6	1,015,202	516,380
Fair value reserve		(19,001,077)	(1,870,533)
Retained earnings		5,490,713	1,001,314
		-----	-----
Net Shareholders' Equity		187,504,838	199,647,161
		-----	-----
Total Liabilities and Shareholders' Equity		359,220,920	205,752,993
		=====	=====

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

DLALA BROKERAGE AND INVESTMENTS HOLDING COMPANY (QSC)
DOHA - QATAR

INTERIM CONSOLIDATED STATEMENT OF INCOME
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2006

		<u>For the Three Month</u> <u>Period Ended June 30,</u> <u>2006</u> <u>(Reviewed)</u> <u>QR.</u>	<u>For the Six Month</u> <u>Period Ended June 30,</u> <u>2006</u> <u>(Reviewed)</u> <u>QR.</u>	<u>For the Period from</u> <u>May 24, 2005</u> <u>(Date of Incorporation)</u> <u>to June 30,</u> <u>2006</u> <u>(Reviewed)</u> <u>QR.</u>
Revenue:				
Brokerage and commission income		18,528,477	26,736,311	28,988,089
Brokerage and commission expense		(6,888,810)	(9,879,874)	(12,131,652)
		-----	-----	-----
Brokerage and Commission Income, Net		11,639,667	16,856,437	16,856,437
Interest income		1,955,274	3,245,449	6,553,418
Profit on sale of available-for-sale investments		562,191	2,018,974	3,712,346
		-----	-----	-----
Total Income		14,157,132	22,120,860	27,122,201
		-----	-----	-----
Expenses:				
General and administrative expenses	7	(8,961,394)	(15,808,449)	(19,697,219)
Additional expenses for Al Rayan Bank Shares Trading		(1,324,190)	(1,324,190)	(1,324,190)
		-----	-----	-----
Net Income for the Period		3,871,548	4,988,221	6,100,792
		=====	=====	=====

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DLALA BROKERAGE AND INVESTMENTS HOLDING COMPANY (QSC)
DOHA - QATAR

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2006

	Note -----	Share Capital ----- QR.	Legal Reserve ----- QR.	Fair Value Reserve ----- QR.	Retained Earnings ----- QR.	Total ----- QR.
Balance – May 24, 2005 (Date of Incorporation)		200,000,000	--	--	--	200,000,000
Net income for the period		--	--	--	1,112,571	1,112,571
Transfer to legal reserve		--	111,257	--	(111,257)	--
Surplus from issuance fees	8	--	405,123	--	--	405,123
Net movement in fair value reserve		--	--	(1,870,533)	--	(1,870,533)
		-----	-----	-----	-----	-----
Balance – December 31, 2005 (Reviewed)		200,000,000	516,380	(1,870,533)	1,001,314	199,647,161
Net income for the period		--	--	--	4,988,221	4,988,221
Transfer to legal reserve		--	498,822	--	(498,822)	--
Net movement in fair value reserve		--	--	(17,130,544)	--	(17,130,544)
		-----	-----	-----	-----	-----
Balance – June 30, 2006 (Reviewed)		200,000,000	1,015,202	(19,001,077)	5,490,713	187,504,838
		=====	=====	=====	=====	=====

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

DLALA BROKERAGE AND INVESTMENTS HOLDING COMPANY (QSC)
DOHA - QATAR

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2006

	<u>For The</u> <u>Six Month Period</u> <u>Ended</u> <u>June 30, 2006</u> <u>(Reviewed)</u> <u>QR.</u>	<u>For The</u> <u>Period from</u> <u>May 24, 2005</u> <u>(Date of Incorporation)</u> <u>to June 30, 2006</u> <u>(Reviewed)</u> <u>QR.</u>
<u>Cash Flows from Operating Activities:</u>		
Net income for the period	4,988,221	6,100,792
Adjustments for:		
Depreciation of properties and equipments	1,732,434	1,973,157
	-----	-----
	6,720,655	8,073,949
Prepayments and other debit balances	8,969	(4,664,225)
Due from a related party	20,000	--
Customers accounts	166,869,034	166,869,034
Accounts payable	(2,916,118)	2,832,317
Accruals and other credit balances	1,657,334	2,014,731
	-----	-----
Net Cash Flow From Operating Activities	172,359,874	175,125,806
	-----	-----
<u>Cash Flows from Investing Activities:</u>		
Purchase of properties and equipments	(7,958,613)	(20,104,206)
Available-for-sale investments	(33,498,535)	(66,482,565)
	-----	-----
Cash Used in Investing Activities	(41,457,148)	(86,586,771)
	-----	-----
<u>Cash Flows from Financing Activities:</u>		
Capital contribution	--	200,000,000
Surplus from issuance fees	--	405,123
	-----	-----
Cash Flow From Financing Activities	--	200,405,123
	-----	-----
Net increase in cash on hand and at banks	130,902,726	288,944,158
Cash on hand and at banks – beginning of the period	158,041,432	--
	-----	-----
Cash on Hand and at Banks - End of the Period	288,944,158	288,944,158
	=====	=====

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

DLALA BROKERAGE AND INVESTMENTS HOLDING COMPANY (QSC)
DOHA – QATAR

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED JUNE 30, 2006

1. Status and Activities:

Dlala Brokerage and Investments Holding 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 establishing financial brokerage companies including Islamic brokerage investments funds. It owns shares and portions of companies and participates in managing subsidiaries and fulfils needed support.

2. Adoption of New and Revised International Reporting Standards:

The Company adopted all of new and revised Standards issued by the International Accounting Financial Reporting Standards Board (the IASB) that are relevant to its operations.

3. Significant Accounting Policies:

[a] The Interim consolidated financial statements of the company have been prepared in accordance with **International Accounting Standard-34 “Interim Financial Reporting”**.

[b] The Interim consolidated financial statements have been prepared under the historical cost convention except for the measurement at fair value of available for sale investments.

[c] **Basis of Consolidation:**

The interim consolidated financial statement of the company includes the financial statements of the company and its subsidiaries.

[d] **Subsidiary Companies:**

A subsidiary is where the parent company has the power to govern the financial and operating policies of the subsidiary so as to obtain benefits from its activities. Where necessary, adjustments are made to the financial statements of the subsidiaries to bring their accounting policies into line with those used with the parent company. All transactions and account balances between parent company and its subsidiaries are eliminated on consolidation.

[e] **Cash on Hand and at Banks:**

This represents cash on hand, current bank balances and bank deposits which mature within 90 days from the date of the balance sheet.

[f] Properties and Equipments:

Properties and equipments are stated at cost less accumulated depreciation. Depreciation is computed following the straight-line method over the estimated useful lives of the related property and equipment.

Furniture and Fixture	10%
Computer and softwares	33.33%
Office equipment	20%
Vehicles	20%
Leasehold Improvement	20%

[g] 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 period 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.

[h] 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.

[i] Available-for-Sale Investments:

- i. Available-for-sale investments are initially measured at cost. After initial recognition, investments which are classified as “available-for-sale” are re-measured at fair value. The unrealised gains and losses on re-measurement to fair value are reported as a separate component of equity until the investments are sold, collected or otherwise disposed of, or the investments are determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the statement of income.
- ii. The fair value of unquoted investments cannot be reliably measured due to the nature of their cash flows. These investments are therefore recorded at cost less any provision for impairment.

[j] **Financial Instruments:**

Financial Assets

The Company's principal financial assets include banks balances and cash, available for sale investments and other debit balances. The financial assets are stated at their nominal value except for available-for-sale investments which are stated at fair value.

Financial Liabilities

Significant financial liabilities include accounts payable and accruals and other credit balances, which are stated at their nominal value.

4. Properties and Equipments:

	<u>Leasehold Improvements</u>	<u>Furniture and Fixture</u>	<u>Computers and Software</u>	<u>Office Equipments</u>	<u>Vehicles</u>	<u>Work in Progress</u>	<u>Total</u>
	QR.	QR.	QR.	QR.	QR.	QR.	QR.
Cost:							
As of January 1, 2006	--	995,063	10,821,015	159,815	36,000	133,700	12,145,593
Additions	149,146	500,013	6,483,801	372,653	96,000	357,000	7,958,613
Transfer	--	--	133,700	--	--	(133,700)	--
	-----	-----	-----	-----	-----	-----	-----
As of June 30, 2006	149,146	1,495,076	17,438,516	532,468	132,000	357,000	20,104,206
	-----	-----	-----	-----	-----	-----	-----
Depreciation:							
As of January 1, 2006	--	60,609	176,955	909	2,250	--	240,723
Charge for the period	11,167	71,940	1,610,155	27,572	11,600	--	1,732,434
	-----	-----	-----	-----	-----	-----	-----
As of June 30, 2006	11,167	132,549	1,787,110	28,481	13,850	--	1,973,157
	-----	-----	-----	-----	-----	-----	-----
Net book value:							
As of June 30, 2006 (reviewed)	137,979	1,362,527	15,651,406	503,987	118,150	357,000	18,131,049
	=====	=====	=====	=====	=====	=====	=====
Rates of depreciation	20%	10%	33.33%	20%	20%	--	

5. Share Capital:

	<u>June 30, 2006</u> <u>(Reviewed)</u> QR.	<u>December 31,</u> <u>2005</u> <u>(Reviewed)</u> QR.
Share capital consists of:		
(20,000,000 shares of QR.10 each issued and fully paid)	200,000,000 =====	200,000,000 =====

6. Legal Reserve:

- In accordance with the Qatar Commercial Companies' Law No. 5 of 2002, 10% of net income for the period is to be transferred to legal reserve. This annual transfer may cease when the reserve equals 50% of the paid up capital and must be maintained at the minimum of 50% of paid up capital. This reserve is not available for distribution except in circumstances specified in the Qatar Commercial Companies Law.
- The surplus from issuance fees have been transferred to legal reserve.

7. General and Administrative Expenses:

	<u>For the Three Month</u> <u>Period Ended June</u> <u>30, 2006</u> <u>(Reviewed)</u> QR.	<u>For the Six Month</u> <u>Period Ended June 30,</u> <u>2006</u> <u>(Reviewed)</u> QR.	<u>For the Period from</u> <u>May 24, 2005</u> <u>(Date of Incorporation)</u> <u>to June 30,</u> <u>2006</u> <u>(Reviewed)</u> QR.
Staff cost	4,031,586	7,068,516	8,371,626
Consultant and training expenses	721,813	1,205,635	1,491,099
DSM Membership fee and rental	55,752	121,285	121,285
Rent expenses	906,543	1,405,360	1,798,480
Printing and stationery	622,085	1,101,360	1,637,011
Depreciation	956,831	1,732,434	1,973,157
Advertising expenses	454,395	701,135	968,938
Telephone and fax expenses	267,227	679,054	771,818
Travel expenses	151,455	275,831	358,757
Insurance expenses	110,478	224,358	224,358
Training expenses	21,447	67,533	85,783
Maintenance expenses	94,965	250,469	336,641
Governmental expenses	54,506	54,506	338,755
Bank charges	437,272	729,295	773,356
Miscellaneous expenses	75,039	191,678	446,155
Total	8,961,394 =====	15,808,449 =====	19,697,219 =====

8. Pre-Operating Expenses / Issuance Fees:

Issuance fees representing 2% of share capital was used to cover certain pre-operating expenses and subscription expenses. The surplus has been transferred to legal reserve.

9. Contingent Liabilities:

	<u>June 30,</u> <u>2006</u> <u>(Reviewed)</u> <u>QR.</u>	<u>December 31,</u> <u>2005</u> <u>(Reviewed)</u> <u>QR.</u>
Commitments to banks against letters of guarantee	155,000,000 =====	155,000,000 =====