

SHUAA Capital announces strong H1 Results

SHUAA registers net profit of AED 8 million, while net operating income increases by 213% and revenues reaches AED 25.3 million

Dubai 10 November 2002

SHUAA Capital has announced its second quarter consolidated financial results for the 6 month period ended 30 September 2002. The company's revenues for this period were AED 25.3 million compared to AED 8.3 million in the comparative period last year. Net income after operating expenses and minority interest came in at AED 8 million.

Net operating income, after accounting for interest expense and provision charges, has increased by 213% from the comparative period to reach AED 21.7 million.

“Our focused and disciplined strategies were central in posting encouraging H1 results, especially as it has come at a time of worldwide economic turmoil,” said Majid Saif Al Ghurair, Chairman of SHUAA Capital.

“We worked to diversify our revenue sources, which were transformed in a couple of scenarios, such as acquiring companies that can support our operations and integrate with our products. During the first half, these subsidiaries contributed a total of AED 6.7 million to our revenues. Also, fruitful results came from the performance of our managed funds which outperformed the major benchmark indices for equities and fixed income,” Al Ghurair added.

By the end of the second quarter, the Emirates Equities Fund (AL-THIQA) was up 5.2% on annualized bases, the Arab Fixed Income Fund (TAIF) was up 10% on annualized bases and the Arab Gateway Fund was up 8.6% year to date.

“We believe that we have achieved a significant return compared to the overall performance of the various markets. On a growth basis of AED 23 million compared to our shareholders equity of AED 350 million, translates to a 7.2 % return in six months,” said Iyad Dawaji, CEO of SHUAA Capital.

“We will continue to diversify our revenue sources. We have already succeeded in attaining initial goals, and are now looking forward to increasing off balance sheets revenues from current corporate finance mandates, in addition to fees from asset and portfolio management – brokerage and consumer finance,” Dawaji added.

SHUAA Capital psc

Condensed Consolidated Financial Statements
As of 30 September 2002

Together with Accountants' Review Report

SHUAA Capital PSC

Condensed Consolidated Financial Statements
As of 30 September 2002

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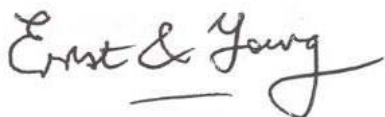
Accountants' Review Report

To the Board of Directors of:
SHUAA Capital psc

We have reviewed the accompanying condensed consolidated balance sheet of **SHUAA Capital psc** (a public shareholding company registered in the Emirate of Dubai – United Arab Emirates) and its **Subsidiaries** as of 30 September 2002 and the related condensed consolidated statements of income, changes in shareholders' equity and cash flows for the six month period then ended. These interim condensed consolidated financial statements are the responsibility of the Company's management. Our responsibility is to issue a report on these interim financial statements based on our review.

We conducted our review in accordance with the International Standard on Auditing applicable to review engagements. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the interim condensed consolidated financial statements are free of material misstatement. A review is limited primarily to inquiries of Company 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, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not presented fairly, in all material respects, in accordance with International Accounting Standard 34.



Signed by
Edward B Quinlan
Partner
Registration number: 93

Dubai, United Arab Emirates
30 October 2002

SHUAA Capital PSC

Condensed Consolidated Balance Sheet
As of 30 September 2002

(Currency - Thousands of U.A.E. Dirhams)

		30 September 2002 (Unaudited)	31 March 2002 (Audited)	30 September 2001 (Unaudited)
<u>Assets</u>				
Cash and deposits with banks		11,856	4,790	17,275
Other deposit	3	17,200	17,200	43,000
Receivables and other debit balances		18,602	17,192	23,927
Trading securities	4	215,001	169,060	172,413
Installment credits, loans and advances, net	5	119,252	149,205	13,313
Investments	6	184,995	158,770	165,663
Investment in an associate	7	6,357	5,767	5,091
Fixed assets	8	2,800	2,927	2,833
Goodwill	9	4,450	4,596	903
Total Assets		<u>580,513</u>	<u>529,507</u>	<u>444,418</u>
<u>Liabilities</u>				
Due to banks	10	84,440	154,286	88,887
Payables and accrued expenses		32,511	23,598	15,037
Corporate bonds, net	11	89,919	-	-
Total Liabilities		<u>206,870</u>	<u>177,884</u>	<u>103,924</u>
Minority interest	12	<u>18,527</u>	<u>18,462</u>	<u>-</u>
<u>Shareholders' Equity</u>				
Paid-up share capital	13	300,000	300,000	300,000
Statutory reserve		48,568	48,568	48,456
Investment revaluation reserve	14	(4,637)	(18,576)	(18,896)
Retained earnings	14	11,185	3,169	10,934
Total Shareholders' Equity		<u>355,116</u>	<u>333,161</u>	<u>340,494</u>
Total Liabilities, Minority Interest and Shareholders' Equity		<u>580,513</u>	<u>529,507</u>	<u>444,418</u>
<u>Contra accounts</u>				
Clients funds under management	23	<u>254,285</u>	<u>251,271</u>	<u>158,785</u>

The accompanying notes form an integral part of these condensed consolidated financial statements.

SHUAA Capital PSC

Condensed Consolidated Statement of Income
For the six months period ended 30 September 2002

(Currency - Thousands of U.A.E. Dirhams)

	Notes	1/7/2002 to 30/9/2002 (3 Months) (Unaudited)	1/4/2002 to 30/9/2002 (6 Months) (Unaudited)	1/7/2001 to 30/9/2001 (3 Months) (Unaudited)	1/4/2001 to 30/9/2001 (6 Months) (Unaudited)
Interest income		<u>3,733</u>	<u>8,161</u>	<u>650</u>	<u>1,267</u>
Investment banking income:					
Income (loss) from trading securities		4,178	10,541	(3,616)	3,276
Income from investments	15	377	1,508	703	3,736
Fees and commission income		2,820	4,185	479	912
Income (loss) from an associate		480	590	-	(132)
Foreign currency exchange gain (loss)		<u>305</u>	<u>274</u>	<u>(551)</u>	<u>(804)</u>
Investment banking income (loss)		<u>8,160</u>	<u>17,098</u>	<u>(2,985)</u>	<u>6,988</u>
Total income (loss)		11,893	25,259	(2,335)	8,255
Interest expense		(1,697)	(3,275)	(801)	(1,348)
Provision for impairment	5	<u>(150)</u>	<u>(305)</u>	<u>-</u>	<u>-</u>
Net operating income (loss)		<u>10,046</u>	<u>21,679</u>	<u>(3,136)</u>	<u>6,907</u>
General and administrative expenses	16	(5,800)	(11,516)	(3,743)	(7,927)
Depreciation and amortization		<u>(523)</u>	<u>(1,016)</u>	<u>(314)</u>	<u>(649)</u>
Operating expenses		<u>(6,323)</u>	<u>(12,532)</u>	<u>(4,057)</u>	<u>(8,576)</u>
Net profit (loss) for the period before minority interest		3,723	9,147	(7,193)	(1,669)
Minority interest		<u>(599)</u>	<u>(1,131)</u>	<u>-</u>	<u>-</u>
Net profit (loss) for the period		<u>3,124</u>	<u>8,016</u>	<u>(7,193)</u>	<u>(1,669)</u>
Earnings (loss) per share	17	AED <u>0.010</u>	AED <u>0.027</u>	AED <u>(0.024)</u>	AED <u>(0.006)</u>

The accompanying notes form an integral part of these condensed consolidated financial statements.

SHUAA Capital pscCondensed Consolidated Statement of Changes in Shareholders' Equity
For the six months period ended 30 September 2002

(Currency - Thousands of U.A.E. Dirhams)

	<u>Paid-up share capital</u>	<u>Statutory reserve</u>	<u>Investment revaluation reserve</u>	<u>Retained earnings</u>	<u>Proposed dividend</u>	<u>Total</u>
Balance as of 1 January 2001	300,000	48,456	-	2,162	15,000	365,618
Effect of adoption of IAS 39 at 1 January 2001 (Note 14)	-	-	-	13,652	-	13,652
Balance as of 1 January 2001 as adjusted	300,000	48,456	-	15,814	15,000	379,270
Net loss for the period	-	-	-	(4,880)	-	(4,880)
Changes in fair value of investments (Note 14)	-	-	(18,896)	-	-	(18,896)
Dividend paid	-	-	-	-	(15,000)	(15,000)
Balance as of 30 September 2001	<u>300,000</u>	<u>48,456</u>	<u>(18,896)</u>	<u>10,934</u>	<u>-</u>	<u>340,494</u>
Balance as of 1 April 2002	300,000	48,568	(18,576)	3,169	-	333,161
Changes in fair value of investments (Note 14)	-	-	13,939	-	-	13,939
Net profit for the period	-	-	-	8,016	-	8,016
Balance as of 30 September 2002	<u>300,000</u>	<u>48,568</u>	<u>(4,637)</u>	<u>11,185</u>	<u>-</u>	<u>355,116</u>

The accompanying notes form an integral part of these condensed consolidated financial statements.

SHUAA Capital PSCCondensed Consolidated Statement of Cash Flows
For the six months period ended 30 September 2002

(Currency - Thousands of U.A.E. Dirhams)

	30 September 2002 (6 months) (Unaudited)	30 September 2001 (9 months) (Unaudited)
Cash flows from operating activities:		
Net profit (loss) for the period	8,016	(4,880)
Adjustments to reconcile net profit for the period to net cash used in operating activities:		
Depreciation and amortization	1,016	935
(Gain) loss from investment in an associate	(590)	132
Gain from sale of investments	-	(1,959)
Minority Interest	1,131	-
Provision for impairment	<u>305</u>	<u>-</u>
Net cash from operating activities before changes in assets and liabilities	9,878	(5,772)
Changes in assets and liabilities:		
Increase in receivables and other debit balances	(1,410)	(3,798)
Increase in trading securities	(45,941)	(11,547)
Decrease (increase) in installment credits, loans and advances	29,648	(13,313)
Increase (decrease) in payables and accrued expenses	8,913	(1,653)
Acquisition of an associate	-	(6,200)
Additional acquisition of subsidiary	(1,181)	-
Additions to investments	(12,835)	(10,772)
Proceeds from sale of investments	549	5,070
Purchase of fixed assets	<u>(628)</u>	<u>(442)</u>
<i>Net cash used in operating activities</i>	<u>(13,007)</u>	<u>(48,427)</u>
Cash flows from financing activities:		
(Decrease) increase in amounts due to banks	(69,846)	63,727
Issue of corporate bonds	89,919	-
Dividend paid	<u>-</u>	<u>(15,000)</u>
<i>Net cash provided by financing activities</i>	<u>20,073</u>	<u>48,727</u>
Net increase in cash and cash equivalents	7,066	300
Cash and cash equivalents at beginning of period	<u>4,790</u>	<u>16,975</u>
Cash and cash equivalents at end of period	<u>11,856</u>	<u>17,275</u>

The accompanying notes form an integral part of these condensed consolidated financial statements.

SHUAA Capital PSC

Notes to the Condensed Consolidated Financial Statements
For the six month period ended 30 September 2002

(Currency - Thousands of U.A.E. Dirhams)

1. Legal status and activities:

SHUAA Capital PSC (the 'Company') is a public shareholding company established in Dubai, United Arab Emirates, pursuant to the Emiree Decree No. 6 of 25 April 1979 and in accordance with the Federal Law No. (8) of 1984.

The Company pursues a broad investment strategy with special emphasis on the Arab region in general, the U.A.E. and G.C.C. markets in particular and is actively involved in public and private capital markets in the region. The Company's shares are traded on the Dubai Financial Market in the United Arab Emirates and the Kuwait Stock Exchange.

The Company is licensed by the Central Bank of the United Arab Emirates to conduct financial investment business services including underwriting of securities and other corporate finance activities, investment advisory services, asset and portfolio management and brokerage in local and international securities.

During the Extraordinary General Meeting held on 21 April 2001, the shareholders resolved to change the corporate name from **Arabian General Investment Corporation (AGICO)** to **SHUAA Capital PSC** and the financial year-end from 31 December to 31 March.

These interim financial statements were authorized for issue in accordance with the resolution of the Board of Directors on 30 October 2002.

2. Significant accounting policies:

These interim condensed consolidated financial statements have been prepared in accordance with the same accounting policies and methods of computations as were followed in the most recent annual financial statements.

The condensed consolidated financial statements have been prepared to present interim financial information in compliance with International Accounting Standard 34, 'Interim Financial Reporting'. Condensed consolidated financial information does not include all of the information and footnotes required for complete financial statements prepared in accordance with International Accounting Standards. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended 31 March 2002.

Other accounting policies adopted during the period:

a. Repurchase and resale agreements -

Assets sold with a simultaneous commitment to repurchase at a specified future date ('Repo') continue to be recognized in the balance sheet. The counterparty liability for amounts received under these agreements is included in payables and accrued liabilities. The difference between sale and repurchase price is treated as interest expense and accrued over the life of the Repo agreement.

Assets purchased with a corresponding commitment to resell at a specified future date ('Reverse Repo') are not recognized in the balance sheet, as the Company does not obtain control over the assets. Amounts paid under these agreements are included in receivables and other debit balances. The difference between the purchase and resale price is treated as interest income and accrued over the life of the Reverse Repo agreement.

2. Significant accounting policies (Continued):

b. Financial assets and liabilities –

Financial assets and liabilities categorized as “held-to-maturity” are stated at amortized cost.

3. Other deposit:

Other deposit amounting to 17,200 (30 September 2001 – 43,000) represents a margin amount that was deposited against a guarantee issued to comply with the Central Bank of the United Arab Emirates requirement regarding the license to conduct financial investment business services (Note1).

4. Trading securities:

Trading securities represent financial investments intended to be held for less than one year and comprise of the following –

	30 September 2002	30 September 2001
Quoted fund investments	151,309	33,889
Fixed income securities	23,921	107,401
Equity securities	<u>39,771</u>	<u>31,123</u>
	<u>215,001</u>	<u>172,413</u>

The Company occasionally places certain trading securities as collateral against the Company's credit lines (Note 10).

5. Installment credits, loans and advances:

Installment credits, loans and advances comprise the following:

	30 September 2002	30 September 2001
Installment credits	83,270	-
Loans and advances	21,012	-
Due from clients	<u>14,970</u>	<u>13,313</u>
	<u>119,252</u>	<u>13,313</u>

a. Installment credits -

Total installment credits	98,637	-
Cumulative provision for impairment	(2,750)	-
Unearned income on installment credits	<u>(12,617)</u>	<u>-</u>
	<u>83,270</u>	<u>-</u>

A provision for impairment of 305 was recognized as an expense during the period. This represents management's estimate of potential losses in the lending portfolio at the balance sheet date.

b. Loans and advances -

Loans	13,626	-
Bills discounted	6,837	-
Others	<u>1,118</u>	<u>-</u>
	21,581	-
Cumulative provision for impairment	(441)	-
Unearned interest	<u>(128)</u>	<u>-</u>
	<u>21,012</u>	<u>-</u>

Loans include an amount of 5,550 due from related parties (Note 18).

5. Installment credits, loans and advances (Continued):

c. Due from clients -

The Company extends margins to clients for the purpose of trading in quoted securities. These advances are short-term in nature and are secured by the underlying securities held in custody by the Company. As of 30 September 2002, these securities were valued at 30,743 (30 September 2001 – 23,887).

6. Investments:

Investments, held as available-for-sale, comprise the following –

	30 September 2002	30 September 2001
Unquoted direct equity investments	96,647	103,118
Quoted direct equity investments	59,515	36,112
Unquoted fund investments	<u>28,833</u>	<u>26,433</u>
	<u>184,995</u>	<u>165,663</u>

These investments are stated at their estimated fair value except for investments totaling 24,103 (30 September 2001 – 37,412) that are stated at their historical cost because it was not possible to reliably measure the fair value of certain unquoted funds and unquoted direct equity investments.

7. Investment in an associate:

The Company acquired a 50% ownership interest on 1 February 2001 in Emirates Commercial Center for Shares and Bonds L.L.C., a brokerage firm in the United Arab Emirates licensed to operate in the Abu Dhabi Securities Market and the Dubai Financial Market, for a consideration of 6,200. The net assets of the associate as of 1 February 2001 amounted to 5,223. The excess of the consideration over the fair value of the net assets at the date of purchase is included in goodwill (Note 9). This is a strategic investment over which the Company exerts significant influence. Accordingly, this investment is accounted for using the equity method of accounting.

8. Fixed assets:

The movement on fixed assets during the period is as follows –

	Motor vehicles	Furniture and leasehold improvements	Office equipment and computers	Total
<u>Cost -</u>				
At 1 April 2002	365	3,223	3,311	6,899
Additions	151	172	305	628
Disposals	-	-	(8)	(8)
At 30 September 2002	<u>516</u>	<u>3,395</u>	<u>3,608</u>	<u>7,519</u>
<u>Accumulated depreciation -</u>				
At 1 April 2002	289	1,346	2,337	3,972
Charge for the period	42	326	387	755
Disposals	-	-	(8)	(8)
At 30 September 2002	<u>331</u>	<u>1,672</u>	<u>2,716</u>	<u>4,719</u>
<u>Net book value -</u>				
At 30 September 2002	<u>185</u>	<u>1,723</u>	<u>892</u>	<u>2,800</u>
At 30 September 2001	<u>16</u>	<u>1,974</u>	<u>843</u>	<u>2,833</u>

9. Goodwill:

The movement in goodwill during the period is as follows:

	30 September 2002	30 September 2001
<u>Cost -</u>		
Balance, 1 April 2002	4,752	-
Goodwill from acquisitions (Note 20)	<u>115</u>	<u>977</u>
Balance, end of period	<u>4,867</u>	<u>977</u>
<u>Accumulated amortization -</u>		
Balance, 1 April 2002	156	-
Amortization for the period	<u>261</u>	<u>74</u>
Balance, end of period	<u>417</u>	<u>74</u>
Net book value	<u>4,450</u>	<u>903</u>

10. Due to banks:

Due to banks comprises of borrowings, repayable within 12 months, obtained from commercial banks in the ordinary course of business against the Group's established credit lines with these banks. Certain facilities are in the form of overdraft lines while others are secured by a lien on certain trading securities (Note 4).

The Group's banking facilities are renewable every six months and carry US Dollar LIBOR based floating rates of interest plus a spread ranging between 1% and 2.5%. During the period, the Group secured new credit facilities of 28,190.

11. Corporate bonds:

On 10 July 2002, the Company issued US\$ 25 Million (AED 91.825 Million) three year bonds maturing on 10 July 2005. The bonds bear interest at the rate of 2% per annum above US Dollar LIBOR for six months with a coupon payable semi-annually. The bonds were issued at par by way of a public offering. The bonds are stated net of transaction costs which are amortized over the life of the bonds.

12. Minority interest:

Minority interest represents the minority shareholder's proportionate share in the aggregate value of the net assets of a Subsidiary (Note 20) and the results of the Subsidiary's operations.

13. Paid-up share capital:

The Company's authorized, issued and fully paid capital comprises of 300,000,000 shares of UAE Dirham 1.00 each.

The Company implemented an executive stock option plan administered by a trustee. Under this plan, the Company grants options to executive employees to purchase common shares of the Company that may be exercised after 3 years of continuous employment with the Company. Under the terms of the plan, the trustee meets the option obligations from the existing share capital outstanding. Accordingly, no new shares are issued by the Company and the share capital outstanding is not affected by the executive stock option plan.

As of 30 September 2002, the Company had outstanding options to purchase 7,152,570 common shares granted to employees under the stock option plan. In accordance with the terms of the plan, options granted are deemed expired when entitled employees voluntarily cease employment with the Company.

During the period, the Company granted options to purchase 500,000 shares. No options were exercised during the period.

14. Investment revaluation reserve:

The movement on investment revaluation reserve since adoption of IAS 39 is as follows:

Balance at 31 December 2000	-
Transfer from retained earnings	13,652
Changes in fair value of investments available for sale	(18,289)
Net cumulative investment revaluation reserve at 30 September 2002	(4,637)

The Company transferred at 31 March 2002 an amount of 13,652 from retained earnings to the investment revaluation reserve, equal to the amount recognized initially at 1 January 2001 through opening retained earnings in accordance with IAS 39.

15. Income from investments:

Income from investments comprises the following -

	<u>1/7/2002 to</u> <u>30/9/2002</u> (3 Months)	<u>1/4/2002 to</u> <u>30/9/2002</u> (6 Months)	<u>1/7/2001 to</u> <u>30/9/2001</u> (3 Months)	<u>1/4/2001 to</u> <u>30/9/2001</u> (6 Months)
Dividends	-	1,131	678	1,520
Income from funds	452	452	25	257
Gain on sale of investments	-	-	-	1,959
Other	(75)	(75)	-	-
	<u>377</u>	<u>1,508</u>	<u>703</u>	<u>3,736</u>

16. General and administrative expenses:

General and administrative expenses comprise the following:

	<u>1/7/2002 to</u> <u>30/9/2002</u> (3 Months)	<u>1/4/2002 to</u> <u>30/9/2002</u> (6 Months)	<u>1/7/2001 to</u> <u>30/9/2001</u> (3 Months)	<u>1/4/2001 to</u> <u>30/9/2001</u> (6 Months)
Employee costs	3,878	7,820	2,607	4,916
Office rent and related expenses	323	644	255	512
Corporate marketing and branding costs	89	364	171	593
Other general and administrative expenses	<u>1,510</u>	<u>2,688</u>	<u>710</u>	<u>1,906</u>
	<u>5,800</u>	<u>11,516</u>	<u>3,743</u>	<u>7,927</u>

As of 30 September 2002, the Group had a total of 66 employees (30 September 2001 – 35 employees).

17. Earnings (loss) per share:

The earnings per share - basic for the period has been computed using the net income for the period of 8,016 (6 months ending 30 September 2001 – loss of 1,669) divided by the weighted average number of shares outstanding of 300,000,000. The earnings per share are rounded to the third decimal place.

There were no diluting elements resulting from potential ordinary shares or other financial instruments during the period.

18. Related party transactions:

A number of transactions are entered into with related parties in the normal course of business. These transactions are carried out on commercial terms and conditions.

At 30 September 2002, assets and liabilities with related parties amounted to 7,890 and 8,138 respectively (30 September 2001 – 5,423 and 3,670 respectively).

19. Subsidiaries:

The Company has the following significant subsidiaries consolidated into these financial statements:

<u>Name</u>	<u>Country of incorporation</u>	<u>Holding</u>
SHUAA Capital (Assets) Inc.	British Virgin Islands	100%
SHUAA Capital Inc.	British Virgin Islands	100%
Gulf Finance Corporation	United Arab Emirates	57.5%

20. Acquisition:

On 19 February 2002 the Group acquired 55% of the share capital of Gulf Finance Corporation ("GFC"), a finance company engaged in installment financing, receivable financing and check discounting in the U.A.E. On 31 July 2002 the Group acquired an additional 2.5% of the share capital of GFC. The Group's share of the net assets of the subsidiary acquired amounted to 23,377.

The excess of the consideration over the Company's share in the fair value of the net assets at the date of purchase is included in goodwill (Note 9).

The acquired business contributed revenues of 6,108 and operating profit of 1,435 during the period.

21. Interest rate risk management:

The Group is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The Group seeks to limit its exposure to such movements by managing the interest rate and maturity structure of assets and liabilities.

The Group's interest rate sensitivity position at period end, determined by the earlier of contractual re-pricing or maturity dates, was as follows:

	Up to 3 months	3-12 months	1-5 years	Over 5 years	Non- interest bearing	Total	Effective interest rates
<u>Assets</u>							
Cash and deposits with banks	10,756	-	-	-	1,100	11,856	1.56%
Other deposit	17,200	-	-	-	-	17,200	1.44%
Receivables and other debit balances	-	-	-	-	18,602	18,602	-
Trading securities	-	7,377	12,345	73,080	122,199	215,001	6.79%
Installment credits, loans and advances	37,086	43,657	38,509	-	-	119,252	7.62%
Investments	-	-	-	-	184,995	184,995	-
Investment in an associate	-	-	-	-	6,357	6,357	-
Fixed assets	-	-	-	-	2,800	2,800	-
Goodwill	-	-	-	-	4,450	4,450	-
Total Assets	65,042	51,034	50,854	73,080	340,503	580,513	
<u>Liabilities, minority interest and shareholders' equity</u>							
Due to banks	45,290	39,150	-	-	-	84,440	3.85%
Payables and accrued expenses	5,716	-	-	-	26,795	32,511	4.72%
Corporate bonds, net	-	-	89,919	-	-	89,919	3.95%
Minority interest	-	-	-	-	18,527	18,527	-
Shareholders' equity	-	-	-	-	355,116	355,116	-
Total Liabilities, minority interest and shareholders' equity	51,006	39,150	89,919	-	400,438	580,513	
Interest rate sensitivity gap	14,036	11,884	(39,065)	73,080	(59,935)	-	
Cumulative interest rate sensitivity gap	14,036	25,920	(13,145)	59,935	-	-	

22. Segmented information:

The Company accounts for its activities on the basis of four main business segments; trading securities, investments available-for-sale, asset management and advisory services and financing activities.

Net income contributed by the Company's business segments and presented by geographical region is as follows –

30 September 2002							30 September 2001						
	Trading securities	Investments	Commissions and fee income	Financing activities	Others	Total		Trading securities	Investments	Commissions and fee income	Financing activities	Others	Total
GCC countries	5,476	451	2,159	7,064	590	15,740		3,375	-	332	1,267	(132)	4,842
Middle East and North Africa	2,294	1,057	1,890	203	-	5,444		1,920	1,568	580	-	-	4,068
North America	2,597	-	136	-	-	2,733		371	1,911	-	-	-	2,282
Europe	217	-	-	-	-	217		(2,311)	257	-	-	-	(2,054)
Unallocated expenses	(43)	-	-	-	(16,075)	(16,118)		(79)	-	-	-	(10,728)	(10,807)
	10,541	1,508	4,185	7,267	(15,485)	8,016		3,276	3,736	912	1,267	(10,860)	(1,669)

The geographical segmentation of the balance sheet assets and liabilities is as follows-

30 September 2002							30 September 2001						
	GCC countries	Middle East and North Africa	North America	Europe	Others	Total		GCC countries	Middle East and North Africa	North America	Europe	Others	Total
Assets													
Cash and deposits with banks	11,030	390	432	4	-	11,856		16,670	170	404	31	-	17,275
Other deposit	17,200	-	-	-	-	17,200		43,000	-	-	-	-	43,000
Receivables and other debit balances	16,861	1,107	-	634	-	18,602		12,501	9,188	-	2,238	-	23,927
Trading securities	95,486	68,960	39,051	11,504	-	215,001		76,886	86,859	5,433	3,235	-	172,413
Installment credits, loans & advances	113,702	5,550	-	-	-	119,252		13,313	-	-	-	-	13,313
Investments	1,354	119,600	4,332	52,038	7,671	184,995		7,027	100,103	7,399	51,134	-	165,663
Investment in an associate	6,357	-	-	-	-	6,357		5,091	-	-	-	-	5,091
Fixed assets	2,800	-	-	-	-	2,800		2,833	-	-	-	-	2,833
Goodwill	4,450	-	-	-	-	4,450		903	-	-	-	-	903
Total assets	269,240	195,607	43,815	64,180	7,671	580,513		178,224	196,320	13,236	56,638	-	444,418
Liabilities, minority interest and shareholders' equity													
Due to banks	84,440	-	-	-	-	84,440		88,858	29	-	-	-	88,887
Payables and accrued expenses	23,170	4,925	4,367	-	49	32,511		14,206	623	-	208	-	15,037
Corporate Bonds	89,919	-	-	-	-	89,919		-	-	-	-	-	-
Minority interest	-	-	-	-	18,527	18,527		-	-	-	-	-	-
Shareholders' equity	-	-	-	-	355,116	355,116		-	-	-	-	340,494	340,494
Total liabilities, minority interest and shareholders' equity	197,529	4,925	4,367	-	373,692	580,513		103,064	652	-	208	340,494	444,418

23. Client funds under management:

The Company is licensed as a financial services company regulated by the U.A.E. Central Bank (Note 1). At 30 September 2002, clients' funds were managed in a fiduciary capacity, without risk or recourse to the Company. These assets are considered as off-balance sheet items and do not constitute part of the Company's assets.

24. Commitments and contingent liabilities:

As at the balance sheet date, the Company had the following outstanding items -

	30 September <u>2002</u>	30 September <u>2001</u>
Letters of guarantee	<u>1,812</u>	<u>-</u>

The Company has commitments of 17,591 (30 September 2001 - 30,223) to acquire financial assets under terms negotiated with third parties.

25. Prior period comparatives:

Certain balances from the prior period have been reclassified to conform to the current period's presentation.

The comparative results for the six months period to 30 September 2001 do not incorporate the results of the Subsidiary acquisition (Note 20) concluded on 22 February 2002 and consolidated in this period's financial statements.