

SHUAA Capital PSC

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF 30 SEPTEMBER 2004

TOGETHER WITH ACCOUNTANTS' REVIEW REPORT

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 2004 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 condensed financial statements based on our review.

We conducted our review in accordance with the 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 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
27 October 2004

SHUAA Capital PSC

CONDENSED CONSOLIDATED BALANCE SHEET

As of 30 September 2004

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

	<i>Notes</i>	<i>30 September 2004 Unaudited</i>	<i>31 March 2004 Audited</i>	<i>30 September 2003 Unaudited</i>
<u>Assets</u>				
Cash and deposits with banks		6,249	4,449	9,847
Other deposits	3	28,375	28,375	17,200
Receivables and other debit balances		43,898	27,403	50,913
Trading securities	4	317,010	299,658	259,662
Installment credits, loans and advances, net	5	296,585	251,152	199,267
Investments available-for-sale	6	141,151	167,514	162,440
Investments in associates	7	81,633	13,733	12,501
Fixed assets		2,382	1,947	2,253
Goodwill	8	37,571	5,529	9,115
Total Assets		954,854	799,760	723,198
<u>Liabilities</u>				
Due to banks	9	101,498	180,537	200,054
Payables and other credit balances		120,833	51,361	43,335
Medium-term debt	10	216,432	91,482	72,982
Total Liabilities		438,763	323,380	316,371
Minority Interest	11	25,583	22,835	1,289
<u>Shareholders' Equity</u>				
Paid-up share capital	12	315,000	300,000	300,000
Proposed issue of bonus shares	12	-	15,000	-
Statutory reserve		57,514	57,514	50,272
Investment revaluation reserve		7,467	13,694	2,491
Retained earnings		110,527	37,337	52,775
Proposed dividend	13	-	30,000	-
Total Shareholders' Equity		490,508	453,545	405,538
Total Liabilities, Minority Interest and Shareholders' Equity		954,854	799,760	723,198
<u>Contra accounts</u>				
Clients' funds under management	23	1,281,038	1,013,446	479,899

The attached notes 1 to 25 form part of these financial statements.

SHUAA Capital PSC**CONDENSED CONSOLIDATED INCOME STATEMENT**

For the six months period ended 30 September 2004

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

	<i>Notes</i>	<i>1 Jul 2004 to 30 Sep 2004 (3 Months) Unaudited</i>	<i>1 Apr 2004 to 30 Sep 2004 (6 Months) Unaudited</i>	<i>1 Jul 2003 to 30 Sep 2003 (3 Months) Unaudited</i>	<i>1 Apr 2003 to 30 Sep 2003 (6 Months) Unaudited</i>
Interest income		8,330	15,884	5,687	11,717
Investment banking income:					
Income from trading securities		15,437	36,562	9,848	32,873
Income from investments	14	9,689	18,929	7,944	11,590
Fees and commission income		14,083	23,704	6,481	12,335
Income from associates		7,717	15,028	1,039	1,358
Total income		55,256	110,107	30,999	69,873
Interest expense		(3,959)	(6,763)	(2,401)	(4,945)
Provisions	15	(3,465)	(13,249)	(8,188)	(16,263)
Net operating income		47,832	90,095	20,410	48,665
General and administrative expenses	16	(7,251)	(13,414)	(6,616)	(13,110)
Depreciation and amortization		(365)	(727)	(585)	(1,176)
Operating expenses		(7,616)	(14,141)	(7,201)	(14,286)
Net profit for the period before minority interest		40,216	75,954	13,209	34,379
Minority interest		(1,430)	(2,764)	(59)	(113)
Net profit for the period		<u>38,786</u>	<u>73,190</u>	<u>13,150</u>	<u>34,266</u>
Earnings per share	17	<u>AED 0.123</u>	<u>AED 0.232</u>	<u>AED 0.042</u>	<u>AED 0.109</u>

The attached notes 1 to 25 form part of these financial statements.

SHUAA Capital PSC

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the six months period ended 30 September 2004

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

	<i>Paid-up Share capital</i>	<i>Proposed issue of bonus shares</i>	<i>Statutory reserve</i>	<i>Investment revaluation reserve</i>	<i>Retained earnings</i>	<i>Proposed dividend</i>	<i>Total</i>
Balance as of 1 April 2003	300,000	-	50,272	(17,059)	18,509	-	351,722
Net profit for the period	-	-	-	-	34,266	-	34,266
Net transfer from investment revaluation reserve to income statement (Notes 14 and 15)	-	-	-	7,490	-	-	7,490
Changes in fair value of investments available-for-sale	-	-	-	12,060	-	-	12,060
Balance as of 30 September 2003 (unaudited)	300,000	-	50,272	2,491	52,775	-	405,538
Balance as of 1 April 2004	300,000	15,000	57,514	13,694	37,337	30,000	453,545
Net profit for the period	-	-	-	-	73,190	-	73,190
Transferred to dividends payable	-	-	-	-	-	(30,000)	(30,000)
Issue of bonus shares	15,000	(15,000)	-	-	-	-	-
Net transfer from investment revaluation reserve to income statement (Notes 14 and 15)	-	-	-	(13,322)	-	-	(13,322)
Changes in fair value of investments available-for-sale	-	-	-	7,095	-	-	7,095
Balance as of 30 September 2004 (unaudited)	315,000	-	57,514	7,467	110,527	-	490,508

The attached notes 1 to 25 form part of these financial statements.

SHUAA Capital PSC**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

For the six months period ended 30 September 2004

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

	<i>1 Apr 2004 to 30 Sep 2004 Unaudited</i>	<i>1 Apr 2003 to 30 Sep 2003 Unaudited</i>
Cash flows from operating activities:		
Net profit for the period	73,190	34,266
Adjustments to reconcile net profit for the period to net cash provided by operating activities:		
Depreciation and amortization	727	1,176
Income from investments in associates	(15,028)	(1,358)
Gain on sale of investments available-for-sale	(18,595)	(1,159)
Minority Interest	2,764	113
Provisions	13,249	16,263
Other non-operating items	187	-
Net cash from operating activities before changes in assets and liabilities	56,494	49,301
Changes in assets and liabilities:		
Decrease in other deposits	-	2,571
Increase in receivables and other debit balances	(16,495)	(10,053)
Increase in trading securities	(17,465)	(56,070)
Increase in installment credits, loans and advances	(46,148)	(6,719)
Increase (decrease) in payables and other credit balances	62,098	(15,154)
Acquisition of an associate	(88,169)	(4,369)
Proceeds from investment in associate	2,952	400
Additions to investments available-for-sale	(3,364)	(2,193)
Proceeds from sale of investments available-for-sale	37,148	24,930
Purchase of fixed assets	(1,162)	(405)
Net cash used in operating activities	(14,111)	(17,761)
Cash flows from financing activities:		
(Decrease) increase in amounts due to banks	(79,039)	20,448
Issue of corporate bond	88,152	-
Increase (decrease) in medium term debt	36,798	(1,922)
Dividend paid	(30,000)	-
Net cash provided by financing activities	15,911	18,526
Net increase in cash and cash equivalents	1,800	765
Cash and cash equivalents at beginning of period	4,449	9,082
Cash and cash equivalents at end of period	6,249	9,847

The attached notes 1 to 25 form part of these financial statements.

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.

These interim condensed consolidated financial statements were authorized for issue in accordance with a resolution of the Board of Directors on 27 October 2004.

2. SIGNIFICANT ACCOUNTING POLICIES

These interim condensed consolidated financial statements have been prepared in accordance with the same accounting policies and methods of computation as were followed in the most recent annual financial statements except for the policies adopted during the period as a result of changes from previous requirements of International Financial Reporting Standards.

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 Financial Reporting Standards. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended 31 March 2004.

The following policy has been adopted during the period as a result of changes from previous requirements of the International Financial Reporting Standards:

a. Goodwill

Goodwill is initially recognized at its cost, being the excess of the cost of the acquisition over the acquirers interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

This policy shall apply prospectively from the beginning of the current year, to goodwill acquired in a business combination for which the agreement date was before 31 March 2004 and to goodwill arising from an interest in a jointly controlled entity obtained before 31 March 2004.

This policy has resulted in discontinuation of amortization for goodwill and accumulated amortization as of 1 April 2004 has been adjusted against the cost of goodwill as of that date.

3. OTHER DEPOSITS

Other deposits comprise the following:

- a. An amount of 17,200 that represent 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).
- b. An amount of 11,175 that represents a margin amount deposited to secure term-loans.

4. TRADING SECURITIES

Trading securities comprise the following:

	<i>30 September 2004 Unaudited</i>	<i>31 March 2004 Audited</i>
Quoted fund investments	272,532	226,489
Equity securities	13,525	35,242
Fixed income securities	30,953	37,927
	<u>317,010</u>	<u>299,658</u>

5. INSTALLMENT CREDITS, LOANS AND ADVANCES

Installment credits, loans and advances comprise the following:

	<i>30 September 2004 Unaudited</i>	<i>31 March 2004 Audited</i>
Installment credits	197,820	167,137
Term loan	36,730	38,904
Loans and advances	33,728	35,628
Due from clients	28,307	9,483
	<u>296,585</u>	<u>251,152</u>

a. Installment credits -

	<i>30 September 2004 Unaudited</i>	<i>31 March 2004 Audited</i>
Total installment credits	231,351	195,555
Cumulative provision for impairment	(5,585)	(4,915)
Interest in suspense	(417)	(417)
Unearned income on installment credits	(27,529)	(23,086)
	<u>197,820</u>	<u>167,137</u>

A provision was made for impairment of installment credits for the six months period ended 30 September 2004 amounting to 670 (30 September 2003 - 600) This represents management's estimate of additional potential losses in the lending portfolio at the balance sheet date.

5. INSTALLMENT CREDITS, LOANS AND ADVANCES - continued**b. Term loan -**

The term loan represents the Company's participation in a bridge facility of 110,000 arranged by the Company to finance a management buyout of a regional company with diversified operations. The term loan carries an interest rate of 10%. During the previous year, the Company received two installments representing two thirds of the term loan. The final installment was extended by mutual agreement to 23 December 2004. The loan is fully securitized by the underlying assets of the borrower.

c. Loans and advances -

	<i>30 September 2004 Unaudited</i>	<i>31 March 2004 Audited</i>
Loans	31,088	31,333
Bills discounted	4,492	5,987
	<u>35,580</u>	<u>37,320</u>
Cumulative provision for impairment	(1,040)	(995)
Unearned interest	(100)	(138)
Interest in suspense	(712)	(559)
	<u>33,728</u>	<u>35,628</u>

A provision was made for loans and advances for the six months period ended 30 September 2004 amounting to 45 (30 September 2003 - 275). This represents management's estimate of additional potential losses in the lending portfolio at the balance sheet date.

d. 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 2004, these underlying securities were valued at 145,765 (31 March 2004 - 32,089).

6. INVESTMENTS AVAILABLE-FOR-SALE

Investments available-for-sale are stated at their estimated fair value and comprise the following:

	<i>30 September 2004 Unaudited</i>	<i>31 March 2004 Audited</i>
Unquoted direct equity investments	80,916	85,230
Quoted direct equity investments	46,289	65,061
Unquoted fund investments	13,946	17,223
	<u>141,151</u>	<u>167,514</u>

7. INVESTMENTS IN ASSOCIATES

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. The excess of the consideration over the fair value of the net assets at the date of purchase amounted to 977 and is included in goodwill (Note 8).

On 1 July 2003, the Company acquired a 20% ownership interest in Qatar Ladies Investment Company, a Qatari shareholding closed company, licensed by the Central Bank of Qatar to conduct investment business.

On 9 May 2004, the Company completed the acquisition of 20% of the shares of Oman National Investment Corporation Holding SAOG ("ONIC"). ONIC is a public shareholding company registered in the Sultanate of Oman. ONIC is primarily engaged through its subsidiaries and associate companies in the business of insurance, warranty services and holding investments.

These are strategic investments over which the Company exerts significant influence. Accordingly, these investments are accounted for using the equity method of accounting.

8. GOODWILL

The movement in goodwill during the period is as follows:

	<i>30 September 2004 Unaudited</i>	<i>31 March 2004 Audited</i>
<u>Cost -</u>		
Balance, beginning of period	7,136	10,366
Amount written off on part sale of a subsidiary	-	(3,230)
Transfer from accumulated amortization	(1,607)	-
Goodwill from acquisitions (Note 7)	32,042	-
	<u>37,571</u>	<u>7,136</u>
<u>Accumulated amortization -</u>		
Balance, beginning of period	1,607	732
Charge for the period	-	875
Transfer of accumulated amortization	(1,607)	-
	<u>-</u>	<u>1,607</u>
Net carrying value	<u><u>37,571</u></u>	<u><u>5,529</u></u>

9. DUE TO BANKS

Due to banks comprises borrowings obtained from commercial banks in the ordinary course of business against the Group's established credit lines with these banks. Amounts due to banks are repayable within twelve months.

The Group's banking facilities are renewable every six months and carry US Dollar LIBOR based floating interest rates plus a spread ranging between 1% and 3%. During the 6 months period ended 30 September 2004, the Group secured new credit facilities of 202,190.

10. MEDIUM TERM DEBT

Medium term debt comprises the following:

	<i>30 September 2004 Unaudited</i>	<i>31 March 2004 Audited</i>
Corporate bonds	178,814	91,482
Loans	37,618	-
	<u>216,432</u>	<u>91,482</u>

On 10 July 2002, the Company issued three year bonds of 91,825 (US\$ 25 Million) maturing on 10 July 2005. The bonds were issued at par and bear interest at the rate of 2% per annum above US Dollar LIBOR for six months with a coupon payable semi-annually.

On 30 June 2004, the Company issued three year bonds of 88,152 (US\$ 24 Million) maturing on 30 June 2007. The bonds were issued at par and bear interest at the rate of 1.75% per annum above US Dollar LIBOR for six months with a coupon payable semi-annually.

The bonds are stated net of transaction costs which are amortized over the life of the bonds. The corporate bonds have an investment grade rating of "BBB".

11. 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.

12. PAID-UP SHARE CAPITAL

Authorized, issued and fully paid capital comprised of 300,000,000 shares of UAE Dirham 1.00 per share as of the beginning of the year.

In its extraordinary general meeting held on 23 June 2004, the shareholders passed a resolution approving an increase in the share capital of the Company from 300,000 to 330,000. Accordingly, 15 million shares were issued to the shareholders in proportion to their holding in the capital as bonus shares, and a further 15 million shares are to be issued to fund the employee stock option plan at AED 1.75 per share.

The shareholders present at the extraordinary general meeting waived their preemptive rights to subscribe to the new shares. The increase in the share capital and share premium is still pending the approval of the appropriate governmental agencies.

13. PROPOSED DIVIDEND

For the year ended 31 March 2004, the Board of Directors proposed a cash dividend of 10% of the paid-up share capital of 300,000 amounting to 30,000. The dividend was approved by the shareholders at the Annual General Meeting held on 23 June 2004. Dividends were paid on 13 July 2004.

14. INCOME FROM INVESTMENTS

Income from investments comprises the following:

	<i>1 Jul 2004 to 30 Sep 2004 (3 Months) Unaudited</i>	<i>1 Apr 2004 to 30 Sep 2004 (6 Months) Unaudited</i>	<i>1 Jul 2003 to 30 Sep 2003 (3 Months) Unaudited</i>	<i>1 Apr 2003 to 30 Sep 2003 (6 Months) Unaudited</i>
Income from investments	-	-	6,177	10,949
Net gain (loss) on sale of investments available-for-sale transferred from investment revaluation reserve	9,689	18,595	1,767	(16)
Dividends	-	334	-	657
	<u>9,689</u>	<u>18,929</u>	<u>7,944</u>	<u>11,590</u>

15. PROVISIONS

The Group recognized provision charges in respect of the following:

	<i>1 Jul 2004 to 30 Sep 2004 (3 Months) Unaudited</i>	<i>1 Apr 2004 to 30 Sep 2004 (6 Months) Unaudited</i>	<i>1 Jul 2003 to 30 Sep 2003 (3 Months) Unaudited</i>	<i>1 Apr 2003 to 30 Sep 2003 (6 Months) Unaudited</i>
Installment credits	350	670	300	600
Loans and advances	45	45	175	275
Investments available-for-sale	-	5,273	-	7,474
Employee benefits	3,000	4,974	7,713	7,713
Others	70	2,287	-	201
	<u>3,465</u>	<u>13,249</u>	<u>8,188</u>	<u>16,263</u>

16. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses comprise the following:

	<i>1 Jul 2004 to 30 Sep 2004 (3 Months) Unaudited</i>	<i>1 Apr 2004 to 30 Sep 2004 (6 Months) Unaudited</i>	<i>1 Jul 2003 to 30 Sep 2003 (3 Months) Unaudited</i>	<i>1 Apr 2003 to 30 Sep 2003 (6 Months) Unaudited</i>
Employee costs	5,050	9,246	4,469	8,979
Office rent and related expenses	349	749	396	765
Corporate marketing and branding costs	642	1,087	643	909
Other general and administrative expenses	1,210	2,332	1,108	2,457
	<u>7,251</u>	<u>13,414</u>	<u>6,616</u>	<u>13,110</u>

As of 30 September 2004, the Group had a total of 80 employees (30 September 2003 – 65 employees) represented by 57 employees in SHUAA Capital and 23 in a subsidiary.

17. EARNINGS PER SHARE

The earnings per share - basic for the period has been computed using the net income for the period of 73,190 (30 September 2003 – 34,266) divided by the weighted average number of shares outstanding of 315,000,000. The weighted average number of shares for the previous year has been restated to account for the bonus shares (Note 12).

There were no diluting elements resulting from potential ordinary shares or other financial instruments during the period. The earnings per share are rounded to the third decimal place.

18. RELATED PARTY TRANSACTIONS

A number of transactions are entered into with related parties in the normal course of business, mainly with investee companies that are not consolidated. Pricing policies and terms of these transactions are approved by the Company's management.

Assets and liabilities with related parties are as follows:

	<i>30 September 2004 Unaudited</i>	<i>31 March 2004 Audited</i>
Receivables and other debit balances	1,917	-
Loans and advances	19,516	21,690
	<u>21,433</u>	<u>21,690</u>
Payables and other credit balances	<u>257</u>	<u>112</u>

Income resulting from transactions with related parties comprise the following:

	<i>1 April 2004 to 30 September 2004 Unaudited</i>	<i>1 April 2003 to 30 September 2003 Audited</i>
Interest income	384	376
Fees and commission income	83	98
	<u>467</u>	<u>474</u>

19. STOCK OPTION PLAN

The stock option plan is administered by a trustee and gives the Board the authority to determine which employees of the Company will be granted options. Options granted under the plan have a vesting period between one and three years from the date of grant and expire ten years after the date of the grant.

Outstanding options granted to employees as of 30 September 2004 comprised of 16,721,500 shares at an average exercise price of AED 1.63 per share. During the period options in respect of 600,000 shares were exercised.

In the General Assembly Meeting held on 23 June 2004, the shareholders approved the issuance of 15 Million shares equal to 5% of the share capital of the Company for the purpose of funding the employee stock option plan. The resolution is pending approval from the appropriate governmental agencies.

20. 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	60%

On 1 October 2003, the Group sold a 37.5% equity stake in GFC to a strategic investor specialized in financing of consumer durables. The sale is pending approval from the appropriate government agencies.

As of 30 September 2004, the Group's share of the net assets of GFC amounted to 38,378. The acquired business contributed revenues of 12,794 (30 September 2003 – 9,027) and operating profit of 6,911 (30 September 2003 – 4,520) 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:

	<u>0 – 3 months</u>	<u>3 - 12 months</u>	<u>1 – 5 years</u>	<u>Non- interest bearing</u>	<u>Total</u>	<u>Effective interest rate</u>
<u>Assets</u>						
Cash and deposits with banks	-	-	-	6,249	6,249	-
Other deposits	25,281	3,094	-	-	28,375	1.13%
Receivables and other debit balances	-	-	-	43,898	43,898	-
Trading securities	99,390	30,953	-	186,667	317,010	4.79%
Installment credits, loans and advances, net	106,951	102,234	87,400	-	296,585	10.74%
Investments available for sale	-	-	-	141,151	141,151	-
Investment in associates	-	-	-	81,633	81,633	-
Fixed assets	-	-	-	2,382	2,382	-
Goodwill	-	-	-	37,571	37,571	-
Total Assets	231,622	136,281	87,400	499,551	954,854	
<u>Liabilities, Minority Interest and Shareholders' Equity</u>						
Due to banks	62,210	39,288	-	-	101,498	3.6%
Payables and other credit balances	15,000	65,000	540	40,293	120,833	3.0%
Medium term debt	-	178,814	37,618	-	216,432	3.45%
Minority interest	-	-	-	25,583	25,583	-
Shareholders' equity	-	-	-	490,508	490,508	-
Total Liabilities, Minority Interest and Shareholders' Equity	77,210	283,102	38,158	556,384	954,854	
Interest rate sensitivity gap	154,412	(146,821)	49,242	(56,833)	-	
Cummulative interest rate sensitivity gap	154,412	7,591	56,833	-	-	

SHUAA Capital psc

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six months period ended 30 September 2004

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 2004 (unaudited)							30 September 2003 (unaudited)					
	Trading securities	Investments available-for-sale	Commissions and fee income	Financing activities	Others	Total		Trading securities	Investments available-for-sale	Commissions and fee income	Financing activities	Others	Total
GCC countries	25,105	18,863	20,877	12,933	15,028	92,806		23,605	9,758	9,450	9,853	1,358	54,024
Middle East and North Africa	11,644	4	2,742	374	-	14,764		8,549	1,832	2,760	512	-	13,653
North America	(490)	-	85	-	-	(405)		410	-	125	-	-	535
Europe	(137)	62	-	-	-	(75)		309	-	-	-	-	309
Unallocated expenses	440	(5,273)	-	(715)	(28,352)	(33,900)		-	(7,474)	-	(875)	(25,906)	(34,255)
	36,562	13,656	23,704	12,592	(13,324)	73,190		32,873	4,116	12,335	9,490	(24,548)	34,266

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

	30 September 2004 (unaudited)							31 March 2004 (audited)					
	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	5,811	36	396	6	-	6,249		2,631	1,805	7	6	-	4,449
Other deposits	28,375	-	-	-	-	28,375		28,375	-	-	-	-	28,375
Receivables and other debit balances	30,891	12,262	-	352	393	43,898		9,122	16,649	-	1,171	461	27,403
Trading securities	190,794	96,292	28,139	1,785	-	317,010		182,921	86,720	27,752	2,265	-	299,658
Installment credits, loans & advances	240,339	56,246	-	-	-	296,585		190,511	60,641	-	-	-	251,152
Investments available-for-sale	3,966	78,566	197	49,238	9,184	141,151		24,887	73,832	1,938	57,661	9,196	167,514
Investment in an associate	81,633	-	-	-	-	81,633		13,733	-	-	-	-	13,733
Fixed assets	2,382	-	-	-	-	2,382		1,947	-	-	-	-	1,947
Goodwill	37,571	-	-	-	-	37,571		5,529	-	-	-	-	5,529
Total assets	621,762	243,402	28,732	51,381	9,577	954,854		459,656	239,647	29,697	61,103	9,657	799,760
Liabilities, minority interest and shareholders' equity													
Due to banks	101,498	-	-	-	-	101,498		180,537	-	-	-	-	180,537
Payables and accrued expenses	120,591	-	-	242	-	120,833		50,681	667	-	-	13	51,361
Medium term debt	216,432	-	-	-	-	216,432		91,482	-	-	-	-	91,482
Minority interest	25,583	-	-	-	-	25,583		22,835	-	-	-	-	22,835
Shareholders' equity	490,508	-	-	-	-	490,508		453,545	-	-	-	-	453,545
Total liabilities, minority interest and shareholders' equity	954,612	-	-	242	-	954,854		799,080	667	-	-	13	799,760

23. CLIENTS' 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 2004, 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

The Company's outstanding commitments and contingent liabilities are as follows:

	<i>30 September 2004</i>	<i>31 March 2004</i>
Corporate guarantee	20,000	240,000
Letters of guarantee	43,000	43,000
Commitments to acquire financial assets	13,957	14,638
	<u> </u>	<u> </u>

25. PRIOR PERIOD COMPARATIVES

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