

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF 30 JUNE 2005

TOGETHER WITH ACCOUNTANTS' REVIEW REPORT

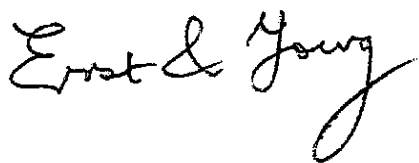
ACCOUNTANTS' REVIEW REPORT

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 June 2005 and the related condensed consolidated statements of income, changes in shareholders' equity and cash flows for the three month period then ended. These interim condensed consolidated financial statements are the responsibility of the Group's management. Our responsibility is to issue a report on these interim condensed consolidated 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 Group personnel and analytical procedures applied to financial data and thus provide 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 Financial Reporting Standard 34.



Signed by
Edward B Quinlan
Partner
Registration number: 93

Dubai, United Arab Emirates
25 July 2005

SHUAA Capital PSC**CONDENSED CONSOLIDATED BALANCE SHEET**

As of 30 June 2005

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

	<i>Notes</i>	30 June 2005 <i>(Unaudited)</i>	31 March 2005 <i>(Audited)</i> <i>Restated</i>
<u>Assets</u>			
Cash and deposits with banks		50,202	64,052
Other deposits	3	29,339	29,140
Receivables and other debit balances		52,698	119,758
Trading securities	4	452,542	370,944
Installment credits, loans and advances, net	5	381,772	352,888
Investments available-for-sale	6	122,026	118,718
Investments in associates	7	266,033	205,690
Fixed assets		3,534	2,708
Goodwill	8	4,861	4,861
Total Assets		1,363,007	1,268,759
<u>Liabilities and Shareholders' Equity</u>			
Liabilities			
Due to banks	9	208,553	212,864
Payables and other credit balances		104,284	156,254
Medium-term debt	10	242,913	226,408
Total Liabilities		555,750	595,526
Shareholders' Equity attributable to equity holders of the parent company			
Paid-up share capital	11	396,000	330,000
Proposed issue of bonus shares	12	-	66,000
Employee stock option plan shares	20	(29,247)	(33,799)
Statutory reserve		91,140	91,140
Retained earnings		301,888	173,358
Investment revaluation reserve	13	15,904	17,843
Translation reserve		1,252	-
		776,937	644,542
Minority Interest	14	30,320	28,691
Total Shareholders' Equity		807,257	673,233
Total Liabilities and Shareholders' Equity		1,363,007	1,268,759
<u>Contra accounts</u>			
Clients' funds under management		4,863,036	4,068,526



The attached notes 1 to 26 form part of these interim condensed consolidated financial statements.

SHUAA Capital PSC**CONDENSED CONSOLIDATED INCOME STATEMENT**

For the period ended 30 June 2005

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

	<i>Notes</i>	<i>1 April 2005 to 30 June 2005 (3 Months) (Unaudited)</i>	<i>1 April 2004 to 30 June 2004 (3 Months) (Unaudited)</i>
Interest income		11,124	7,554
Investment banking income:			
Income from trading securities		54,752	21,125
Income from investments	15	6,334	9,240
Fees and commission income		69,026	9,621
Income from associates		35,699	7,311
Total income		176,935	54,851
Interest expense		(5,961)	(2,804)
Provisions	16	(21,495)	(9,784)
Net operating income		149,479	42,263
General and administrative expenses	17	(18,836)	(6,171)
Depreciation and amortization		(484)	(362)
Operating expenses		(19,320)	(6,533)
Net profit for the period before minority interest		130,159	35,730
Minority interest		(1,629)	(1,326)
Net profit for the period		128,530	34,404
Earnings per share	18	AED 0.325	AED 0.088

The attached notes 1 to 26 form part of these interim condensed consolidated financial statements.

SHUAA Capital psc
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the period ended 30 June 2005

	Attributable to equity holders of the Parent										
	Paid-up share capital	Employee stock option plan shares	Proposed issue of bonus shares	Statutory reserve	Investment revaluation reserve	Retained earnings	Proposed dividend	Translation reserve	Total	Minority interest	Total equity
Balance as of 1 April 2004 (as previously stated)	300,000	-	15,000	57,514	13,694	37,337	30,000	-	453,545	22,835	476,380
Adjustment on application of SIC 12	-	(4,410)	-	-	-	-	-	-	(4,410)	-	(4,410)
Balance as of 1 April 2004 (restated)	300,000	(4,410)	15,000	57,514	13,694	37,337	30,000	-	449,135	22,835	471,970
Net transfer from investment revaluation reserve to income statement	-	-	-	-	(3,633)	-	-	-	(3,633)	-	(3,633)
Changes in fair value of investments available-for-sale	-	-	-	-	3,334	-	-	-	3,334	-	3,334
Total income and expense recognized directly in equity	-	-	-	-	(299)	-	-	-	(299)	-	(299)
Net profit for the period	-	-	-	-	-	34,404	-	-	34,404	1,326	35,730
Total income and expense for the period	-	-	-	-	(299)	34,404	-	-	34,105	1,326	35,431
Transferred to dividends payable	-	-	-	-	-	-	(30,000)	-	(30,000)	-	(30,000)
Issue of bonus shares	15,000	-	(15,000)	-	-	-	-	-	-	-	-
Balance as of 30 June 2004	315,000	(4,410)	-	57,514	13,395	71,741	-	-	453,240	24,161	477,401
Balance as of 1 April 2005	330,000	(33,799)	66,000	91,140	17,843	173,358	-	-	644,542	28,691	673,233
Net movement in investment revaluation reserve (note 13)	-	-	-	-	(1,939)	-	-	-	(1,939)	-	(1,939)
Currency translation differences	-	-	-	-	-	-	-	1,252	1,252	-	1,252
Total income and expense recognized directly in equity	-	-	-	-	(1,939)	-	-	1,252	(687)	-	(687)
Net profit for the period	-	-	-	-	-	128,530	-	-	128,530	1,629	130,159
Total income and expense for the period	-	-	-	-	(1,939)	128,530	-	1,252	127,843	1,629	129,472
Issue of bonus shares	66,000	-	(66,000)	-	-	-	-	-	-	-	-
Directors' remuneration	-	-	-	-	-	(2,700)	-	-	(2,700)	-	(2,700)
Net movement in employee stock option plan shares	-	4,552	-	-	-	-	-	-	4,552	-	4,552
Cost of share based payment	-	-	-	-	-	2,700	-	-	2,700	-	2,700
Balance as of 30 June 2005	396,000	(29,247)	-	91,140	15,904	301,888	-	1,252	776,937	30,320	807,257

The attached notes 1 to 26 form part of these interim condensed consolidated financial statements

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

For the period ended 30 June 2005

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

	<i>1 April 2005 to 30 June 2005 (3 Months) (Unaudited)</i>	<i>1 April 2004 to 30 June 2004 (3 Months) (Unaudited)</i>
Cash flows from operating activities:		
Net profit for the period	128,530	34,404
Adjustments to reconcile net profit for the period to net cash used in operating activities:		
Depreciation and amortization	484	362
Income from investments in associates	(35,699)	(7,311)
Income from investments	(3,783)	-
Gain on sale of investments available-for-sale	(2,546)	(8,906)
Minority interest	1,629	1,334
Provisions	21,495	9,784
Share based payments	2,700	-
Other non-operating income	-	(20)
Net cash from operating activities before changes in assets and liabilities	112,810	29,647
Changes in assets and liabilities:		
Increase in other deposits	(199)	-
Decrease (increase) in receivables and other debit balances	67,060	(1,687)
Increase in trading securities	(81,598)	(16,339)
Increase in installment credits, loans and advances	(29,379)	(17,490)
(Decrease) increase in payables and other credit balances	(72,970)	58,660
Additions to associates	(30,272)	(88,130)
Proceeds from investment in associate	6,000	-
Addition to investments available-for-sale	(6,868)	(29)
Proceeds from sale of investments available-for-sale	8,830	27,137
Purchase of fixed assets	(1,310)	(1,047)
Net cash used in operating activities	(27,896)	(9,278)
Cash flows from financing activities:		
(Decrease) increase in amounts due to banks	(4,311)	5,302
Issue of corporate bond	-	88,152
Increase in medium term debt	16,505	20,637
Director's remunerations paid	(2,700)	-
Movement in employee stock option plan shares	4,552	-
Net cash provided by financing activities	14,046	114,091
Net (decrease) increase in cash and cash equivalents	(13,850)	104,813
Cash and cash equivalents at beginning of the period	64,052	4,449
Cash and cash equivalents at end of the period	50,202	109,262

The attached notes 1 to 26 form part of these interim condensed consolidated financial statements.

SHUAA Capital PSC

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 June 2005

(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 registered address of the Company is P.O. Box 31045, Dubai, United Arab Emirates.

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. The Company is required to comply with the relevant UAE laws and the regulations promulgated by the UAE Central Bank.

The consolidated financial statements were authorized for issue by the Board of Directors on 25 July 2005.

2. SIGNIFICANT ACCOUNTING POLICIES

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 2005.

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 with the exception of the following policies which have been revised due to the adoption of standards becoming mandatory for financial years beginning on or after 1 January 2005. The principal effects are discussed below.

Investment in associated companies

An investment previously classified within "investments available-for-sale" has been redesignated as "investment in an associate" in accordance with the provisions of IAS 28, Investments in Associates (revised). The company's policy for accounting for associates is as follows:

Investments in associated companies comprising 20% to 50% of the voting capital and over which the Company exerts significant influence are stated using the equity method of accounting.

In accordance with the transition provisions of the revised standard this redesignation was effected as at 1 January 2005, the earliest date on which restatement was practicable. The carrying value of investments available-for-sale redesignated as at 1 January 2005 was 35,008. As a result of this redesignation, positive fair value adjustments of 634 were reclassified from investment revaluation reserve to retained earnings as at that date.

Derivative instruments

Derivatives that do not qualify for hedge accounting are initially measured at cost and are subsequently measured at fair value. These derivatives are carried in receivables and other debit balances where the fair value is positive and in payables and accrued expenses where the fair value is negative. Gains or losses arising from derivatives that do not qualify for hedge accounting are recognized in the consolidated statement of income for the period.

For designated derivatives which meet the conditions for special hedge accounting; any gain or loss from remeasuring the hedging instrument at fair value is recognised immediately in the income statement. Any gain or loss on the hedged item attributable to the hedged risk is adjusted against the carrying amount of the hedged item and recognised in the income statement.

2. SIGNIFICANT ACCOUNTING POLICIES - continued**Impairment of available for sale investments**

In the case of available for sale equity investments, reversals of previously recognised impairment losses are no longer recorded through the income statement but as an increase in the investment revaluation reserve. There was no impact on the income statement for either this period or the comparative period as there were no such reversals in either period.

IFRS 2 'Share-Based Payment'

IFRS 2 'Share-Based Payment' requires an expense to be recognised where the Group buys goods or services in exchange for shares or rights over shares ('equity-settled transactions'), or in exchange for other assets equivalent in value to a given number of shares or rights over shares ('cash-settled transactions'). The main impact of IFRS 2 on the Group is the expensing of employees' share options by using an option-pricing model.

The effect of the revised policy has decreased consolidated current period profits by 2,700 (2004 – 2,400) due to an increase in the employee benefits expense with a corresponding increase in equity which is taken to retained earnings.

SIC 12 'Special Purpose Entities'

The Group has adopted the recently amended SIC 12 'Special Purpose Entities'. This requires that special purpose entities formed for the purpose of equity compensation plans be consolidated within the financial statements of the Company.

The adoption of SIC 12 has required the Company to offset the value of shares held by the scheme Trustees, for the purpose of its employee share option scheme, from equity. Previously, the value of shares held on behalf of the scheme was disclosed as a current receivable within Total Assets. The Total Equity as at 1 April 2004 is reduced by 33,799 due to the adoption of this revised Standard.

3. OTHER DEPOSITS

Other deposits include the following:

- a. An amount of 17,390 (31 March 2005 – 17,200) that represents a margin amount 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 11,949 (31 March 2005 - 11,940) that represents a margin amount deposited to secure term-loans.

4. TRADING SECURITIES

Trading securities comprise the following:

	30 June 2005 (Unaudited)	31 March 2005 (Audited)
Quoted fund investments	348,298	308,431
Equity securities	63,740	26,090
Fixed income securities	40,504	36,423
	<u>452,542</u>	<u>370,944</u>

SHUAA Capital PSC**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

For the period ended 30 June 2005

5. INSTALLMENT CREDITS, LOANS AND ADVANCES

Installment credits, loans and advances comprise the following:

	<i>30 June 2005 (Unaudited)</i>	<i>31 March 2005 (Audited)</i>
Installment credits	237,654	225,377
Loans and advances	46,797	42,889
Due from clients	97,321	84,622
	<u>381,772</u>	<u>352,888</u>

a. Installment credits

	<i>30 June 2005 (Unaudited)</i>	<i>31 March 2005 (Audited)</i>
Total installment credits	278,249	263,383
Cumulative provision for impairment	(6,965)	(6,470)
Interest in suspense	(417)	(417)
Unearned income on installment credits	(33,213)	(31,119)
	<u>237,654</u>	<u>225,377</u>

A provision was made for impairment of installment credits for the period ended 30 June 2005 amounting to 495 (31 March 2005 – 1,555). This represents management's estimate of additional potential losses in the loans portfolio at the balance sheet date.

b. Loans and advances

	<i>30 June 2005 (Unaudited)</i>	<i>31 March 2005 (Audited)</i>
Loans	41,662	38,707
Bills discounted	7,317	6,298
	<u>48,979</u>	<u>45,005</u>
Cumulative provision for impairment	(1,105)	(1,105)
Interest in suspense	(941)	(872)
Unearned interest	(136)	(139)
	<u>46,797</u>	<u>42,889</u>

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 June 2005, these underlying securities were valued at 290,358 (31 March 2005 – 389,908).

6. INVESTMENTS AVAILABLE-FOR-SALE

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

	<i>30 June 2005 (Unaudited)</i>	<i>31 March 2005 (Audited) RESTATED</i>
Unquoted direct equity investments	101,026	95,492
Quoted direct equity investments	9,078	9,280
Unquoted fund investments	11,922	13,946
	<u>122,026</u>	<u>118,718</u>

SHUAA Capital PSC

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 June 2005

7. INVESTMENTS IN ASSOCIATES

The company has the following investments in associates:

	<i>Country of incorporation</i>	<i>Ownership</i>	
		<i>30 June 2005</i>	<i>31 March 2005</i>
Emirates Commercial Center for Shares and Bonds L.L.C.	U.A.E.	50%	50%
Amwal (formerly Qatar Ladies Investment Company)	Qatar	20.7%	20%
Oman National Investment Corporation Holding SAOG	Oman	25.7%	25.7%
Porta Egypt for Packaging Materials	Egypt	48.4%	48.4%

Emirates Commercial Center for Shares and Bonds L.L.C. is a brokerage firm established in the United Arab Emirates and licensed to operate in the Abu Dhabi Securities Market and the Dubai Financial Market.

Amwal (formerly Qatar Ladies Investment Company) is a Qatari shareholding closed company, licensed by the Central Bank of Qatar to conduct investment business. During the period, the Company paid 30,272 to subscribe to the Amwal rights issue which resulted in the increase of the Company's ownership interest.

Oman National Investment Corporation Holding SAOG ("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. On 9 May 2004 and 22 February 2005, the group acquired 20% and 5.7% respectively of the issued and outstanding shares of ONIC together with its subsidiaries for consideration of AED 88,130 and AED 22,273 inclusive of acquisition costs.

Porta Egypt for Packaging Materials ("Porta") is an Egyptian Joint Stock Company. The principal activity of Porta is the production of printed and laminated packing and packaging materials for food products. Previously, Porta was accounted for in accordance with the accounting policy for investments available-for-sale. Porta was redesignated as investment in an associate in accordance with the transition provisions of the revised international accounting standards (note 2).

The movement on investments in associates during the period is as follows:

	<i>30 June 2005 (Unaudited)</i>	<i>31 March 2005 (Audited) RESTATED</i>
Balance, beginning of period	205,690	13,733
Additions during the period	30,272	110,403
Goodwill (note 8)	-	(37,547)
Share of results of associates	35,699	46,548
Share of movement in fair values of associates	372	4,568
Dividends received	(6,000)	(5,238)
Balance, end of period, as previously stated	266,033	132,467
Investments available-for-sale re-designated as associate (note 2)	-	35,008
Reclassification of goodwill	-	38,215
	<u>266,033</u>	<u>205,690</u>

SHUAA Capital PSC

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 June 2005

8. GOODWILL

The movement in goodwill during the period is as follows:

	30 June 2005 (Unaudited)	31 March 2005 (Audited) RESTATED
Cost		
Balance, beginning of period	4,861	7,136
Transfer from accumulated amortization	-	(1,607)
Goodwill arising on acquisitions (Note 7)	-	37,547
Balance, end of period, as previously stated	4,861	43,076
Goodwill transferred to investments in associates	-	(38,215)
Balance, end of period	4,861	4,861
Accumulated amortization		
Balance, beginning of period	-	1,607
Transfer of accumulated amortization	-	(1,607)
Balance, end of period	-	-
Net carrying value	4,861	4,861

9. DUE TO BANKS

Due to banks comprise 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 period ended 30 June 2005, the Group secured new credit facilities of 76,384.

10. MEDIUM TERM DEBT

Medium term debt comprises the following:

	30 June 2005 (Unaudited)	31 March 2005 (Audited)
Corporate bonds	179,292	179,132
Loans	63,621	47,276
	242,913	226,408

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. The bonds were subsequently repaid.

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" and are secured against the assets of the Company.

SHUAA Capital PSC

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 June 2005

11. PAID-UP SHARE CAPITAL

Authorized, issued and fully paid capital comprised of 330,000,000 shares of UAE Dirham 1.00 per share as of the beginning of the period.

In its extraordinary general meeting ('EGM') held on 13 June 2005, the shareholders approved a bonus issue of 66,000,000 shares for the year ended 31 March 2005 resulting in an increase in the share capital of the Company from 330,000 to 396,000.

At the same EGM, the shareholders approved a capital increase of 154,000,000 shares at AED 4.00 per share, being AED 1 in par and AED 3 in premium, for shareholders on record on 16 June 2005. The capital increase will add 616,000 to the company's equity. The Company plans to open the subscription period in August 2005.

12. PROPOSED DIVIDEND

At the Company's Annual General Meeting, the Board of Directors proposed a total dividend of 30% of the paid-up share capital of 330,000 comprising a cash dividend of AED 0.15 per share and a bonus issue of 0.15 shares for each share held.

This proposal was subsequently amended by the shareholders to a bonus issue of 0.20 shares for each share held with no cash dividend and approved by the shareholders in the Annual General Meeting held on 13 June 2005. The bonus shares were issued during the quarter.

The comparative figures have been restated to reflect the amended dividend.

13. INVESTMENT REVALUATION RESERVE

	30 June 2005 (Unaudited)	30 June 2004 (Audited)
Available for sale investments		
Balance, beginning of the period (as restated)	11,647	12,065
Realised in the period	-	3,334
Net movement in fair values during the period	(3,681)	(3,632)
Balance, end of the period	7,966	11,767
Investment in associates		
Balance, beginning of the period	6,196	1,629
Net movement in fair values during the period	(851)	(1)
Balance, end of the period	5,345	1,628
Fair value hedges		
Balance, beginning of the period	-	-
Effect of cash flow hedges during the period	2,593	-
Balance, end of the period	2,593	-
Total	15,904	13,395

14. MINORITY INTEREST

Minority interest represents the minority shareholder's proportionate share in the aggregate value of the net assets of a Subsidiary (Note 21) and the results of the Subsidiary's operations.

SHUAA Capital PSC

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 June 2005

15. INCOME FROM INVESTMENTS

Income from investments comprises the following:

	<i>1 April 2005 to 30 June 2005 (3 months) (Unaudited)</i>	<i>1 April 2004 to 30 June 2004 (3 months) (Unaudited)</i>
Income from investments	3,783	-
Net gain on sale of investments available-for-sale transferred from investment revaluation reserve	2,546	8,906
Dividends	5	334
	<u>6,334</u>	<u>9,240</u>

16. PROVISIONS

The Group recognized provision charges in respect of the following:

	<i>1 April 2005 to 30 June 2005 (3 months) (Unaudited)</i>	<i>1 April 2004 to 30 June 2004 (3 months) (Unaudited)</i>
Installment credits	495	320
Investments available-for-sale	-	5,273
Employee benefits	21,000	1,974
Others	-	2,217
	<u>21,495</u>	<u>9,784</u>

17. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses comprise the following:

	<i>1 April 2005 to 30 June 2005 (3 months) (Unaudited)</i>	<i>1 April 2004 to 30 June 2004 (3 months) (Unaudited)</i>
Employee salaries and fringe benefits	14,684	4,196
Corporate marketing and branding costs	1,367	445
Office rent and related expenses	396	400
Other general and administrative expenses	2,389	1,130
	<u>18,836</u>	<u>6,171</u>

As of 30 June 2005, the Group had a total of 102 employees (31 March 2005 – 93 employees) represented by 74 employees in SHUAA Capital and 28 in a subsidiary.

SHUAA Capital PSC

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 June 2005

18. EARNINGS PER SHARE

The basic earnings per share for the period has been computed using the net income for the period of 128,530 (30 June 2004 – 34,404) divided by the weighted average number of shares outstanding of 396,000,000 (30 June 2004 – adjusted weighted average number of shares outstanding of 392,770,944). The weighted average number of shares for the previous period has been restated to reflect bonus shares.

No figure for diluted earnings per share has been presented as the company has not issued any instruments which would have a dilutive impact on earnings per share.

19. 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:

	30 June 2005 (Unaudited)	31 March 2005 (Audited)
Receivables and other debit balances	10,813	14,035
Loans and advances	22,058	22,291
	<u>32,871</u>	<u>36,326</u>
Payables and other credit balances	<u>745</u>	<u>129</u>

Income resulting from transactions with related parties comprises the following:

	1 April 2005 to 30 June 2005 (3 months) (Unaudited)	1 April 2004 to 30 June 2004 (3 months) (Unaudited)
Interest income	165	205
Fees and commission income	122	22
	<u>287</u>	<u>227</u>

The Group entered into a swap of shares agreement with Dubai Polyfilm LLC, a company majority owned by the family members of a Director of the Group. Under the terms of the agreement, the Group swapped its shares in Egypack Holdings Ltd, an available-for-sale investment, for shares in Dubai Polyfilm LLC. No additional consideration changed hands in this transaction. The purpose of the transaction is the creation of a regional manufacturing company specialized in the production of flexible film for the packaging of food and industrial products. Additionally, the combination of the operations will lead to future savings and synergies. This transaction was approved by the Board of Directors and was considered as an arms length transaction.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 June 2005

20. 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. The trust holds shares on behalf of the plan. These shares are recorded in the balance sheet as employee stock option plan shares within shareholders equity. 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 June 2005 comprised of 17,912,500 shares at an average exercise price of AED 2.175 per share. During the year options in respect of 1,930,000 shares were exercised.

21. 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 June 2005, the Group's share of the net assets of GFC amounted to 45,481 (31 March 2005 – 43,037). The business contributed revenues of 8,229 (30 June 2004 – 6,133) and operating profit of 4,091 (30 June 2004– 3,336) during the period.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 June 2005

22. 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 the end of the period, determined by the earlier of contractual re-pricing or maturity dates, was as follows:

	0 – 3 Months	3 - 12 months	1 – 5 years	Non- interest bearing	Total	Effective interest rate
<u>Assets</u>						
Cash and deposits with banks	44,161	-	-	6,041	50,202	1.00%
Other deposits	29,339	-	-	-	29,339	2.89%
Receivables and other debit balances	-	-	-	52,698	52,698	-
Trading securities	105,477	38,493	-	308,572	452,542	6.17%
Installment credits, loans and advances, net	63,459	222,756	95,557	-	381,772	10.58%
Investments available for sale	-	-	-	122,026	122,026	-
Investment in associates	-	-	-	266,033	266,033	-
Fixed assets	-	-	-	3,534	3,534	-
Goodwill	-	-	-	4,861	4,861	-
Total Assets	242,436	261,249	95,557	763,765	1,363,007	
<u>Liabilities and Shareholders' Equity</u>						
Due to banks	151,257	57,296	-	-	208,553	5.13%
Payables and other credit balances	30,544	-	1,346	72,394	104,284	2.88%
Medium term debt	-	179,292	63,621	-	242,913	5.00%
Shareholders' equity	-	-	-	807,257	807,257	-
Total Liabilities and Shareholders' Equity	181,801	236,588	64,967	879,651	1,363,007	
Interest rate sensitivity gap	60,635	24,661	30,590	(115,886)	-	
Cumulative interest rate sensitivity gap	60,635	85,296	115,886	-	-	

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 June 2005

23. Segmented information:

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

	30 June 2005				
	Trading securities	Investments available-for-sale	Commissions and fee income	Financing activities	Total
GCC countries	44,364	6,329	58,075	8,514	152,981
Middle East and North Africa	10,813	5	10,951	519	22,288
North America	(410)	-	-	-	(410)
Europe	(15)	-	-	-	(15)
Unallocated expenses	-	-	-	(495)	(45,819)
	54,752	6,334	69,026	8,538	128,530

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

	30 June 2005				
	GCC countries	Middle East and North Africa	North America	Europe	Others
Assets					
Cash and deposits with banks	40,286	52	9,858	6	-
Other deposits	29,339	-	-	-	-
Receivables and other debit balances	40,257	11,265	-	507	669
Trading securities	261,055	156,581	28,921	2,313	3,672
Installment credits, loans & advances	359,714	22,058	-	-	-
Investments available-for-sale	5,889	62,139	-	44,864	9,134
Investment in an associate	229,772	36,261	-	-	-
Fixed assets	3,534	-	-	-	-
Goodwill	4,861	-	-	-	-
Total assets	974,707	288,356	38,779	47,690	13,475
Liabilities and shareholders' equity					
Due to banks	208,553	-	-	-	-
Payables and accrued expenses	101,734	1,922	-	628	-
Medium term debt	242,913	-	-	-	-
Shareholders' equity	807,257	-	-	-	-
Total liabilities and shareholders' equity	1,360,457	1,922	-	628	-

	30 June 2004				
	Trading securities	Investments available-for-sale	Commissions and fee income	Financing activities	Total
GCC countries	17,591	9,236	7,603	6,158	47,899
Middle East and North Africa	6,080	4	1,956	205	8,245
North America	(2,429)	-	62	-	(2,367)
Europe	(117)	-	-	-	(117)
Unallocated expenses	-	(5,273)	-	(320)	(13,663)
	21,125	3,967	9,621	6,043	34,404

	31 March 2005				
	GCC countries	Middle East and North Africa	North America	Europe	Others
Assets					
Cash and deposits with banks	26,913	52	37,081	6	-
Other deposits	29,140	-	-	-	-
Receivables and other debit balances	106,290	12,822	-	487	159
Trading securities	215,332	122,765	30,504	2,343	-
Installment credits, loans & advances	330,598	22,290	-	-	-
Investments available-for-sale	8,367	55,887	197	44,932	9,335
Investment in an associate	170,682	35,008	-	-	-
Fixed assets	2,708	-	-	-	-
Goodwill	4,861	-	-	-	-
Total assets	894,891	248,824	67,782	47,768	9,494
Liabilities and shareholders' equity					
Due to banks	212,864	-	-	-	-
Payables and accrued expenses	155,717	295	-	242	-
Medium term debt	226,408	-	-	-	-
Shareholders' equity	673,233	-	-	-	-
Total liabilities and shareholders' equity	1,268,222	295	-	242	-

24. 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 June 2005, 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.

25. COMMITMENTS AND CONTINGENT LIABILITIES

The Group had the following outstanding commitments and contingent liabilities:

	<i>30 June 2005</i> <i>(Unaudited)</i>	<i>31 March 2005</i> <i>(Audited)</i>
Corporate guarantee	29,000	29,000
Letters of guarantee	61,365	52,183
Commitments to acquire financial assets	87,417	13,957
	<u> </u>	<u> </u>

26. PRIOR PERIOD COMPARATIVES

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