

SHUAA Capital PSC

CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 DECEMBER 2005

TOGETHER WITH ACCOUNTANTS' REVIEW REPORT

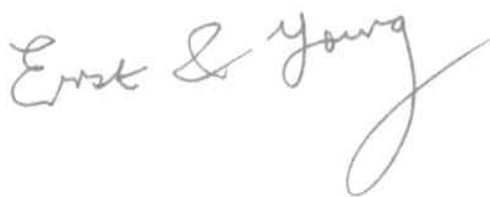
ACCOUNTANTS' REVIEW REPORT

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 31 December 2005 and the related condensed consolidated statements of income, changes in shareholders' equity and cash flows for the nine 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 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 Financial Reporting Standard 34.



Signed by
Edward B Quinlan
Partner
Registration number: 93

Dubai, United Arab Emirates
5 February 2006

CONDENSED CONSOLIDATED BALANCE SHEET

As of 31 December 2005

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

	<i>Notes</i>	<i>31 December 2005 Unaudited</i>	<i>31 March 2005 Audited Restated</i>	<i>31 December 2004 Unaudited Restated</i>
<u>Assets</u>				
Cash and deposits with banks		313,521	64,052	54,370
Other deposits	3	17,200	29,140	28,375
Receivables and other debit balances		81,256	119,758	47,459
Trading securities	4	554,388	370,944	347,901
Installment credits, loans and advances	5	459,304	352,888	346,738
Investments available-for-sale	6	162,555	118,718	149,506
Investments in associates	7	368,472	205,690	87,648
Fixed assets		4,024	2,708	2,194
Goodwill	8	34,111	4,861	37,571
Total Assets		<u>1,994,831</u>	<u>1,268,759</u>	<u>1,101,762</u>
<u>Liabilities and Shareholders' Equity</u>				
Liabilities				
Due to banks	9	131,033	212,864	174,971
Payables and other credit balances		154,840	156,254	127,963
Medium-term debt	10	147,480	226,408	210,054
Total Liabilities		<u>433,353</u>	<u>595,526</u>	<u>512,988</u>
Shareholders' Equity attributable to equity holders of the parent company				
Paid-up share capital	11	550,000	330,000	315,000
Proposed issue of bonus shares	12	-	66,000	-
Employee stock option plan shares	20	(54,828)	(33,799)	(12,065)
Statutory reserve	11	553,140	91,140	57,514
Retained earnings		476,371	173,358	185,792
Investment revaluation reserve	13	34,697	17,843	15,420
Translation reserve		2,098	-	-
		<u>1,561,478</u>	<u>644,542</u>	<u>561,661</u>
Minority Interest	14	-	28,691	27,113
Total Shareholders' Equity		<u>1,561,478</u>	<u>673,233</u>	<u>588,774</u>
Total Liabilities and Shareholders' Equity		<u>1,994,831</u>	<u>1,268,759</u>	<u>1,101,762</u>
<u>Contra accounts</u>				
Clients' funds under management		<u>9,078,675</u>	<u>4,068,526</u>	<u>1,869,829</u>

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

CONDENSED CONSOLIDATED INCOME STATEMENT

For the period ended 31 December 2005

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

	<i>Notes</i>	<i>1 Oct 2005 to 31 Dec 2005 (3 Months) Unaudited</i>	<i>1 Apr 2005 to 31 Dec 2005 (9 Months) Unaudited</i>	<i>1 Oct 2004 to 31 Dec 2004 (3 Months) Unaudited</i>	<i>1 Apr 2004 to 31 Dec 2004 (9 Months) Unaudited</i>
Interest income		22,859	48,349	8,687	24,571
Investment banking income:					
Income from trading securities		9,419	80,275	31,339	67,901
Income from investments	15	9,928	21,197	13	18,942
Fees and commission income		39,992	169,473	61,895	85,599
Income from associates		16,488	88,327	6,533	21,561
Total income		98,686	407,621	108,467	218,574
Interest expense		(5,273)	(17,350)	(4,353)	(11,116)
Provisions	16	(4,365)	(33,810)	(521)	(13,770)
Net operating income		89,048	356,461	103,593	193,688
General and administrative expenses	17	(16,905)	(44,187)	(26,424)	(39,854)
Depreciation and amortization		(462)	(1,443)	(374)	(1,101)
Operating expenses		(17,367)	(45,630)	(26,798)	(40,955)
Net profit for the period before minority interest		71,681	310,831	76,795	152,733
Minority interest		(1,839)	(5,118)	(1,530)	(4,278)
Net profit for the period		69,842	305,713	75,265	148,455
Earnings per share	18	AED 0.127	AED 0.626	AED 0.167	AED 0.329

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

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Attributable to equity holders of the Parent								
	Paid-up share capital	Proposed issue of bonus shares	Employee stock option plan shares	Statutory reserve	Retained earnings	Investment revaluation reserve	Proposed dividend	Translation reserve	Total
Balance as of 1 April 2004	300,000	15,000	-	57,514	37,337	13,694	30,000	-	453,545
Adjustment on application of SIC 12	-	-	(4,410)	-	-	-	-	-	(4,410)
Balance as of 1 April 2004 (restated)	300,000	15,000	(4,410)	57,514	37,337	13,694	30,000	-	449,135
Net transfer from investment revaluation reserve to income statement	-	-	-	-	-	(13,335)	-	-	(13,335)
Changes in fair value of investments available-for-sale	-	-	-	-	-	15,061	-	-	15,061
Total income and expense recognized directly in equity	-	-	-	-	-	1,726	-	-	1,726
Net profit for the period	-	-	-	-	148,455	-	-	-	148,455
Total income and expense for the period	-	-	-	-	148,455	1,726	-	-	150,181
Transferred to dividends payable	-	-	-	-	-	-	(30,000)	-	(30,000)
Issue of bonus shares	15,000	(15,000)	-	-	-	-	-	-	-
Net movement in employee stock option plan shares	-	-	(7,655)	-	-	-	-	-	(7,655)
Balance as of 31 December 2004 - Restated (Unaudited)	315,000	-	(12,065)	57,514	185,792	15,420	-	-	561,661
Balance as of 1 April 2005 (as previously stated)	330,000	66,000	(33,799)	91,140	172,724	20,167	-	-	646,232
Adjustment arising from application of IAS 39 revised	-	-	-	-	634	(2,324)	-	-	(1,690)
Balance as of 1 April 2005 (restated)	330,000	66,000	(33,799)	91,140	173,358	17,843	-	-	644,542
Net movement in cumulative changes in fair value (note 13)	-	-	-	-	-	16,854	-	-	16,854
Currency translation differences	-	-	-	-	-	-	-	2,098	2,098
Total income and expense recognized directly in equity	-	-	-	-	-	16,854	-	2,098	18,952
Net profit for the period	-	-	-	-	305,713	-	-	-	305,713
Total income and expense for the period	-	-	-	-	305,713	16,854	-	2,098	324,665
Issue of bonus shares	66,000	(66,000)	-	-	-	-	-	-	-
Directors' remuneration	154,000	-	-	462,000	-	-	-	-	(2,700)
Rights issue	-	-	-	-	-	-	-	-	616,000
Acquisition of minority interest	-	-	-	-	-	-	-	-	-
Net movement in employee stock option plan shares	-	-	(21,029)	-	-	-	-	-	(21,029)
Balance as of 31 December 2005 (Unaudited)	550,000	-	(54,828)	553,140	476,371	34,697	-	2,098	1,561,478

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 31 December 2005

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

	<i>1 Apr 2005 to 31 Dec 2005 (9 Months) (Unaudited)</i>	<i>1 Apr 2004 to 31 Dec 2004 (9 Months) (Unaudited)</i>
Cash flows from operating activities:		
Net profit for the period	305,713	148,455
Adjustments to reconcile net profit for the period to net cash used in operating activities:		
Depreciation and amortization	1,443	1,101
Income from investments in associates	(88,327)	(21,561)
Income from investments	(3,783)	-
Gain on sale of investments available-for-sale	(17,414)	(18,942)
Minority interest	5,118	4,289
Provisions	33,810	13,770
Share based payments	2,700	-
Other non-operating income	(59)	-
Net cash from operating activities before changes in assets and liabilities	239,201	127,112
Changes in assets and liabilities:		
Decrease in other deposits	11,940	-
Decrease (increase) in receivables and other debit balances	37,387	(32,121)
Increase in trading securities	(183,444)	(48,201)
Increase in installment credits, loans and advances	(107,611)	(96,751)
(Decrease) increase in payables and other credit balances	(35,614)	69,228
Additions to associates	(71,135)	(88,169)
Proceeds from investment in associate	9,683	2,952
Addition to investments available-for-sale	(47,433)	(7,296)
Proceeds from sale of investments available-for-sale	30,742	41,519
Acquisition of minority interest	(63,000)	-
Purchase of fixed assets	(2,759)	(1,358)
Net cash used in operating activities	(182,043)	(33,085)
Cash flows from financing activities:		
Decrease in amounts due to banks	(81,831)	(5,566)
Issue of corporate bond	-	88,152
Settlement of corporate bond	(91,825)	-
Increase in medium-term debt	12,897	30,420
Proceeds from issue of shares	616,000	-
Director's remunerations paid	(2,700)	-
Movement in employee stock option plan shares	(21,029)	-
Dividend paid	-	(30,000)
Net cash provided by financing activities	431,512	83,006
Net increase in cash and cash equivalents	249,469	49,921
Cash and cash equivalents at beginning of the period	64,052	4,449
Cash and cash equivalents at end of the period	313,521	54,370

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

(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 5 February 2006.

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.

Transition adjustment

In accordance with the revised Standard the adjustment made to retained earnings on 1 April 2005 relating to fair values on available for sale investments has been reclassified from retained earnings to "cumulative changes in fair value" as a separate component of equity.

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 4,410 due to the adoption of this revised Standard.

3. OTHER DEPOSITS

Other deposits include the following:

- a. An amount of 17,200 (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. As of 31 March 2005, other deposits included 11,940 that represents a margin amount deposited to secure term-loans.

4. TRADING SECURITIES

Trading securities comprise the following:

	<i>31 December 2005</i> <i>(Unaudited)</i>	<i>31 March 2005</i> <i>(Audited)</i>
Quoted fund investments	373,025	308,431
Equity securities	137,512	26,090
Fixed income securities	43,851	36,423
	<u>554,388</u>	<u>370,944</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 31 December 2005

5. INSTALLMENT CREDITS, LOANS AND ADVANCES

Installment credits, loans and advances comprise the following:

	<i>31 December 2005 (Unaudited)</i>	<i>31 March 2005 (Audited)</i>
Installment credits	270,980	225,377
Loans and advances	35,292	42,889
Due from clients	153,032	84,622
	<u>459,304</u>	<u>352,888</u>

a. Installment credits

	<i>31 December 2005 (Unaudited)</i>	<i>31 March 2005 (Audited)</i>
Total installment credits	318,499	263,383
Cumulative provision for impairment	(7,665)	(6,470)
Interest in suspense	(417)	(417)
Unearned income on installment credits	(39,437)	(31,119)
	<u>270,980</u>	<u>225,377</u>

A provision was made for impairment of installment credits for the period ended 31 December 2005 amounting to 1,195 (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>31 December 2005 (Unaudited)</i>	<i>31 March 2005 (Audited)</i>
Loans	32,787	38,707
Bills discounted	4,039	6,298
	<u>36,826</u>	<u>45,005</u>
Cumulative provision for impairment	(1,105)	(1,105)
Interest in suspense	(76)	(872)
Unearned interest	(353)	(139)
	<u>35,292</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 31 December 2005, these underlying securities were valued at 2,290,406 (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>31 December 2005 (Unaudited)</i>	<i>31 March 2005 (Audited) Restated</i>
Unquoted direct equity investments	123,238	95,492
Quoted direct equity investments	9,199	9,280
Unquoted fund investments	30,118	13,946
	<u>162,555</u>	<u>118,718</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 31 December 2005

7. INVESTMENTS IN ASSOCIATES

The company has the following investments in associates:

	<i>Country of incorporation</i>	<i>Ownership</i>	
		<i>31 Dec 2005</i>	<i>31 Mar 2005</i>
Emirates Commercial Center for Shares and Bonds L.L.C.	U.A.E.	50%	50%
Porta Egypt for Packaging Materials	Egypt	49.1%	48.4%
Oman National Investment Corporation Holding SAOG	Oman	30.3%	25.7%
Amwal (formerly Qatar Ladies Investment Company)	Qatar	20.7%	20%

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.

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). During the period, the company paid 449 to acquire an additional stake of 0.7% of Porta's issued and outstanding shares and paid 2,809 to subscribe to Porta's right issue.

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 for consideration of AED 88,130 and AED 22,273 inclusive of acquisition costs. During the period, the company paid 37,636 to acquire an additional 4.6% of the issued and outstanding shares of ONIC.

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.

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

	<i>31 December 2005 (Unaudited)</i>	<i>31 March 2005 (Audited) RESTATED</i>
Balance, beginning of period	205,690	13,733
Additions during the period	71,166	110,403
Goodwill (note 8)	-	(37,547)
Share of results of associates	88,327	46,548
Share of movement in fair values of associates	12,972	4,568
Dividends received	(9,683)	(5,238)
Balance, end of period, as previously stated	368,472	132,467
Investment available-for-sale re-designated as associate (note 2)	-	35,008
Reclassification of goodwill	-	38,215
	<u>368,472</u>	<u>205,690</u>

8. GOODWILL

The movement in goodwill during the period is as follows:

	<i>31 December 2005 (Unaudited)</i>	<i>31 March 2005 (Audited) RESTATED</i>
<u>Cost</u>		
Balance, beginning of period	4,861	7,136
Transfer from accumulated amortization	-	(1,607)
Goodwill arising on acquisitions (Note 7 and 21)	29,250	37,547
Balance, end of period, as previously stated	34,111	43,076
Goodwill transferred to investments in associates	-	(38,215)
Balance, end of period	34,111	4,861
<u>Accumulated amortization</u>		
Balance, beginning of period	-	1,607
Transfer of accumulated amortization	-	(1,607)
Balance, end of period	-	-
Net carrying value	<u>34,111</u>	<u>4,861</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 period ended 31 December 2005, the Group secured new credit facilities of 115,635.

10. MEDIUM TERM DEBT

Medium term debt comprises the following:

	<i>31 December 2005 (Unaudited)</i>	<i>31 March 2005 (Audited)</i>
Corporate bonds	87,656	179,132
Loans	59,824	47,276
	<u>147,480</u>	<u>226,408</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. The bonds were repaid on maturity date.

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.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 31 December 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.

At the Annual General Meeting 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.

On the same day, an extraordinary general meeting was also held at which the shareholders approved a capital increase of 154,000,000 shares at AED 4.00 per share being par value of AED 1 per share in addition to a premium of AED 3 per share, for shareholders on record on 16 June 2005. The Company completed this rights issue on 21 September 2005. As a result of the rights issue, the share capital of the Company was increased to 550,000 with an amount of 462,000 credited to statutory reserve.

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.

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

13. INVESTMENT REVALUATION RESERVE

	<i>31 December 2005 (Unaudited)</i>	<i>31 March 2005 (Audited)</i>
Available for sale investments		
Balance, beginning of the period (as restated)	11,647	12,065
Realized in the period	(17,409)	(13,335)
Net movement in fair values during the period	23,358	15,241
Balance, end of the period	17,596	13,971
Investment in associates		
Balance, beginning of the period	6,196	1,629
Net movement in fair values during the period	10,905	4,567
Balance, end of the period	17,101	6,196
Fair value hedges		
Balance, beginning of the period	-	-
Effect of cash flow hedges during the period	2,737	-
Expiry of cash flow hedge	(2,737)	-
Balance, end of the period	-	-
Total (as originally stated)	34,697	20,167
Adjustment for adoption of IAS 39 revised	-	(2,324)
Total (as restated)	34,697	17,843

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.

15. INCOME FROM INVESTMENTS

Income from investments comprises the following:

	<i>1 Oct 2005 to 31 Dec 2005 (3 Months) Unaudited</i>	<i>1 Apr 2005 to 31 Dec 2005 (9 Months) Unaudited</i>	<i>1 Oct 2004 to 31 Dec 2004 (3 Months) Unaudited</i>	<i>1 Apr 2004 to 31 Dec 2004 (9 Months) Unaudited</i>
Income from investments	-	3,783	-	-
Net gain on sale of investments available-for-sale transferred from investment revaluation reserve	9,928	17,409	13	18,608
Dividends	-	5	-	334
	<u>9,928</u>	<u>21,197</u>	<u>13</u>	<u>18,942</u>

16. PROVISIONS

The Group recognized provision charges in respect of the following:

	<i>1 Oct 2005 to 31 Dec 2005 (3 Months) Unaudited</i>	<i>1 Apr 2005 to 31 Dec 2005 (9 Months) Unaudited</i>	<i>1 Oct 2004 to 31 Dec 2004 (3 Months) Unaudited</i>	<i>1 Apr 2004 to 31 Dec 2004 (9 Months) Unaudited</i>
Installment credits, loan and advances	250	1,195	450	1,165
Investments available-for-sale	-	-	-	5,273
Employee benefits	3,000	31,500	-	4,974
Others	1,115	1,115	71	2,358
	<u>4,365</u>	<u>33,810</u>	<u>521</u>	<u>13,770</u>

17. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses comprise the following:

	<i>1 Oct 2005 to 31 Dec 2005 (3 Months) Unaudited</i>	<i>1 Apr 2005 to 31 Dec 2005 (9 Months) Unaudited</i>	<i>1 Oct 2004 to 31 Dec 2004 (3 Months) Unaudited</i>	<i>1 Apr 2004 to 31 Dec 2004 (9 Months) Unaudited</i>
Employee salaries and fringe benefits	13,109	29,839	23,389	32,635
Corporate marketing and branding costs	1,188	3,973	872	1,959
Office rent and related expenses	808	2,114	467	1,216
Other general and administrative expenses	1,800	8,261	1,696	4,044
	<u>16,905</u>	<u>44,187</u>	<u>26,424</u>	<u>39,854</u>

As of 31 December 2005, the Group had a total of 135 employees (31 March 2005 – 93 employees) represented by 100 employees in SHUAA Capital and 35 in a subsidiary.

18. EARNINGS PER SHARE

The basic earnings per share for the period has been computed using the net income for the period of 305,713 (31 December 2004 – 148,455) divided by the adjusted weighted average number of shares outstanding of 488,775,596 (31 December 2004 – adjusted weighted average number of shares outstanding of 451,875,000). 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:

	31 December 2005 (Unaudited)	31 March 2005 (Audited)
Receivables and other debit balances	76,025	14,035
Loans and advances	11,552	22,291
	87,577	36,326
Payables and other credit balances	744	129

Income resulting from transactions with related parties comprises the following:

	1 Oct 2005 to 31 Dec 2005 (3 Months) Unaudited	1 Apr 2005 to 31 Dec 2005 (9 Months) Unaudited	1 Oct 2004 to 31 Dec 2004 (3 Months) Unaudited	1 Apr 2004 to 31 Dec 2004 (9 Months) Unaudited
Interest income	63	701	135	519
Fees and commission income	176	479	19	102
	239	1080	154	621

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.

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 31 December 2005 comprised of 17,584,755 shares at an average exercise price of AED 2.142 per share. During the year options in respect of 2,126,667 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	100%

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 original sale agreement contains a clause permitting the Group to purchase this interest in GFC, at a price to be determined by a formula contained in the sale agreement. On 29 December 2005, the Company acquired the remaining 40% in GFC for a consideration of 63,000 making GFC a wholly owned subsidiary of the Company.

As of 31 December 2005, the Group's share of the net assets of GFC amounted to 84,375 (31 March 2005 – 43,037). The business contributed revenues of 26,211 (31 December 2004 – 19,975) and operating profit of 12,702 (31 December 2004– 10,722) during the period.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 31 December 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:

	Up to 3 months	3-12 months	1-5 years	Non- interest bearing	Total	Effecti ve interest rate
<u>Assets</u>						
Cash and deposits with banks	306,803	-	-	6,718	313,521	3.98%
Other deposit	17,200	-	-	-	17,200	3.95%
Receivables and other debit balances	-	-	-	81,256	81,256	-
Trading securities	107,602	41,841	-	404,945	554,388	5.74%
Installment credits, loans and advances	213,979	132,332	112,993	-	459,304	10.51%
Investments	-	-	-	162,555	162,555	-
Investment in an associate	-	-	-	368,472	368,472	-
Fixed assets	-	-	-	4,024	4,024	-
Goodwill	-	-	-	34,111	34,111	-
Total Assets	645,584	174,173	112,993	1,062,081	1,994,831	
<u>Liabilities</u>						
Due to banks	57,095	73,938	-	-	131,033	5.94%
Payables and accrued expenses	-	23,000	3,263	128,577	154,840	3.88%
Medium term debt	-	87,656	59,824	-	147,480	5.12%
Shareholders' equity	-	-	-	1,561,478	1,561,478	-
Total Liabilities	57,095	184,594	63,087	1,690,055	1,994,831	
Interest rate sensitivity gap	588,489	(10,421)	49,906	(627,974)	-	
Cummulative interest rate sensitivity gap	588,489	578,068	627,974	-	-	

SHUAA Capital psc

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 31 December 2005

23. Segmented information:

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

	31 December 2005				
	Trading securities	Investments available-for-sale	Commissions and fee income	Financing activities	Total
GCC countries	58,481	14,842	144,569	40,162	86,475
Middle East and North Africa	18,203	3,154	24,904	800	1,852
North America	2,710	-	-	-	-
Europe	-20	3,201	-	-	2,710
Unallocated expenses	901	-	-	(1,195)	3,181
					(93,620)
	80,275	21,197	169,473	39,767	305,713
				(4,999)	

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

	31 December 2005				
	GCC countries	Middle East and North Africa	North America	Europe	Others
Assets					
Cash and deposits with banks	259,158	52	54,305	6	-
Other deposits	17,200	-	-	-	-
Receivables and other debit balances	6,061	74,223	-	567	405
Trading securities	326,587	142,810	59,391	2,433	23,167
Installment credits, loans & advances	447,752	11,552	-	-	-
Investments available-for-sale	51,528	48,677	197	44,807	17,346
Investment in an associate	326,256	42,216	-	-	-
Fixed assets	4,024	-	-	-	-
Goodwill	34,111	-	-	-	-
Total assets	1,472,677	319,530	113,893	47,813	40,918
					1,994,831
Liabilities and shareholders' equity					
Due to banks	131,033	-	-	-	-
Payables and accrued expenses	152,512	1,608	92	628	-
Medium term debt	147,480	-	-	-	-
Shareholders' equity	1,561,478	-	-	-	-
Total liabilities and shareholders' equity	1,992,503	1,608	92	628	-
					1,994,831

	31 December 2004				
	Trading securities	Investments available-for-sale	Commissions and fee income	Financing activities	Total
GCC countries	47,496	18,876	77,206	20,020	21,561
Middle East and North Africa	18,803	4	8,308	519	-
North America	1,315	-	85	-	-
Europe	-153	62	-	-	-
Unallocated expenses	440	(5,273)	-	-	-60,814
					-65,647
	67,901	13,669	85,599	20,539	-39,253
					148,455

	31 March 2005				
	GCC countries	Middle East and North Africa	North America	Europe	Others
GCC countries	26,913	52	37,081	6	-
Middle East and North Africa	29,140	-	-	-	-
North America	106,290	12,822	-	487	159
Europe	215,332	122,765	30,504	2,343	-
Others	330,598	22,290	-	-	-
	8,367	55,887	197	44,932	9,335
	170,682	35,008	-	-	-
	2,708	-	-	-	-
	4,861	-	-	-	-
					4,861
	894,891	248,824	67,782	47,768	9,494
					1,268,759
	212,864	-	-	-	-
	155,717	295	-	242	-
	226,408	-	-	-	-
	673,233	-	-	-	-
					673,233
	1,268,222	295	-	242	-
					1,268,759

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 31 December 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>31 December 2005</i> <i>(Unaudited)</i>	<i>31 March 2005</i> <i>(Audited)</i>
Corporate guarantee	29,000	29,000
Letters of guarantee	43,000	52,183
Commitments to acquire financial assets	86,569	13,957

26. PRIOR PERIOD COMPARATIVES

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