

SHUAA Capital PSC

CONSOLIDATED FINANCIAL STATEMENTS

AS OF 31 MARCH 2006

TOGETHER WITH AUDITORS' REPORT

AUDITORS' REPORT TO THE SHAREHOLDERS OF SHUAA CAPITAL PSC

We have audited the accompanying consolidated balance sheet of **SHUAA Capital psc (Public Shareholding Company) and its Subsidiaries (the "Group")** as of 31 March 2006, and the related consolidated statements of income, cash flows and changes in equity for the year then ended. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of **SHUAA Capital psc (Public Shareholding Company) and its Subsidiaries** as of 31 March 2006 and the results of its operations and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

We also confirm that in our opinion proper books of account have been kept by the company and its subsidiaries and the contents of the report of the Board of Directors relating to these consolidated financial statements are in agreement with the books of account. We have obtained all the information and explanations we required for the purpose of our audit and, to the best of our knowledge and belief, no violations of the UAE Commercial Companies Law of 1984 (as amended) or of the articles of association of the company or its subsidiaries have occurred during the year which would have had a material effect on the business of the company or on its financial position.



Signed by: Ali H Issa
PARTNER
REGISTRATION NO. 488

Ernst & Young

Dubai, United Arab Emirates
17 May 2006

SHUAA Capital psc**CONSOLIDATED BALANCE SHEET**

At 31 March 2006

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

	<i>Notes</i>	<i>31 March 2006</i>	<i>31 March 2005 RESTATED</i>
<u>Assets</u>			
Cash and deposits with banks		69,849	64,052
Other deposits	3	17,200	29,140
Receivables and other debit balances	4	310,123	119,758
Trading securities	5	574,977	370,944
Installment credits, loans and advances	6	554,275	352,888
Investments available-for-sale	7	133,577	118,718
Investments in associates	8	648,303	205,690
Fixed assets	9	8,891	2,708
Goodwill	10	34,111	4,861
Total Assets		2,351,306	1,268,759
<u>Liabilities</u>			
Due to banks	11	449,801	212,864
Payables and other credit balances		205,141	156,254
Medium-term debt	12	136,615	226,408
Total Liabilities		791,557	595,526
<u>Equity</u>			
Paid-up share capital	13	550,000	330,000
Proposed issue of bonus shares	14	-	66,000
Employee stock option plan shares	15	(89,924)	(33,799)
Statutory reserve	16	553,140	91,140
Retained earnings		533,026	173,358
Investment revaluation reserve	17	11,473	17,843
Translation reserve		2,034	-
Equity attributable to equity holders of the parent		1,559,749	644,542
Minority Interest	18	-	28,691
Total equity		1,559,749	673,233
Total Liabilities and Equity		2,351,306	1,268,759
<u>Contra accounts</u>			
Clients' funds under management	29	6,123,588	4,068,526

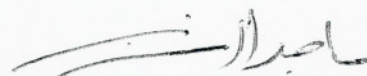
The attached notes 1 to 33 form part of these financial statements.

SHUAA Capital psc**CONSOLIDATED INCOME STATEMENT**

For the year ended 31 March 2006

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

	<i>Notes</i>	<i>31 March 2006</i>	<i>31 March 2005 RESTATED</i>
Interest income		68,771	34,245
Investment banking income:			
Income from trading securities		65,966	108,409
Income from investments	19	52,719	19,173
Fees and commissions income		201,790	127,669
Income from associates	8	112,465	46,548
Total income		501,711	336,044
Interest expense		(24,517)	(16,209)
Provisions	20	(47,940)	(44,312)
Net operating income		429,254	275,523
General and administrative expenses	21	(59,519)	(44,382)
Depreciation and amortization		(2,120)	(1,522)
Operating expenses		(61,639)	(45,904)
Profit for the year		367,615	229,619
Less: profit attributable to minority interest		(5,247)	(5,856)
Profit attributable to equity holders of the parent		362,368	223,763
Earnings per share	22	AED 0.698	AED 0.495



The attached notes 1 to 33 form part of these financial statements.