

SHUAA Capital PSC

INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION AND REVIEW REPORT
FOR THE NINE MONTH PERIOD ENDED
30 SEPTEMBER 2012

Report on Review of Interim Condensed Consolidated Financial Information

To the Board of Directors of
SHUAA Capital PSC
Dubai
United Arab Emirates

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of **SHUAA Capital PSC and its Subsidiaries** (the “Group”) as of 30 September 2012 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the period from 1 January 2012 to 30 September 2012, and a summary of significant accounting policies and other explanatory information. The Directors of the Group are responsible for the preparation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 ‘Interim Financial Reporting’ (“IAS 34”). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not presented fairly, in all material respects in accordance with IAS 34.

Deloitte & Touche (M.E.)



Anis Sadek
Registration Number 521
8 November 2012

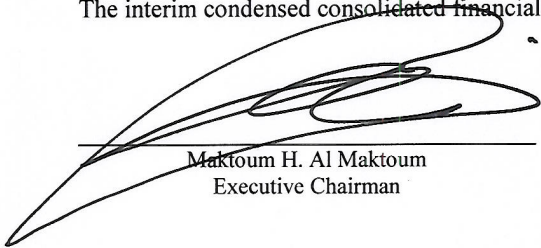
SHUAA Capital psc**Interim Consolidated Statement of Financial Position**

As of 30 September 2012

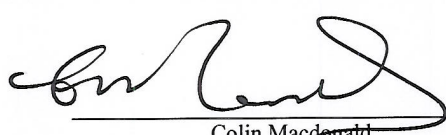
(In Thousands of U.A.E. Dirhams)

		<i>30 September 2012</i>	<i>31 December 2011</i>	<i>30 September 2011</i>
	<i>Notes</i>	<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>
<u>Assets</u>				
Cash and deposits with banks	3	343,615	340,207	341,233
Receivables and other debit balances		29,449	43,513	33,788
Installment credits, loans and advances	4	551,780	576,444	564,391
Investments in SHUAA managed funds	5	212,942	232,721	208,903
Investments in third party associates	6	134,928	135,526	137,731
Other investments	7	91,929	213,644	265,136
Property and equipment		26,383	29,927	35,741
Goodwill		34,111	34,111	103,794
Total Assets		1,425,137	1,606,093	1,690,717
<u>Liabilities</u>				
Due to banks	8	127,159	222,181	187,862
Payables and other credit balances		139,190	161,238	134,018
Medium term debt	9	31,771	53,750	74,583
Total Liabilities		298,120	437,169	396,463
<u>Equity</u>				
Share capital		1,065,000	1,065,000	1,065,000
Treasury shares	10	(14,458)	(14,458)	(14,458)
Employee stock option plan shares	11	(86,603)	(86,603)	(86,603)
Statutory reserve		197,994	728,295	728,295
Accumulated losses	22	(37,218)	(530,301)	(415,503)
Investment revaluation reserve	12	1,973	6,803	17,339
Translation reserve		(195)	(217)	(199)
Equity attributable to the shareholders of the parent		1,126,493	1,168,519	1,293,871
Non controlling interests		524	405	383
Total Equity		1,127,017	1,168,924	1,294,254
Total Liabilities and Equity		1,425,137	1,606,093	1,690,717

The interim condensed consolidated financial information was approved by the Directors on 8 November 2012.



Maktoum H. Al Maktoum
Executive Chairman



Colin Macdonald
Chief Executive Officer

The attached notes 1 to 22 form an integral part of this interim condensed consolidated financial information.

SHUAA Capital psc**Interim Consolidated Income Statement**

For the period ended 30 September 2012

(In Thousands of U.A.E. Dirhams)

		<i>1 July to 30 September 2012 (3 months) Unaudited</i>	<i>1 January to 30 September 2012 (9 months) Unaudited</i>	<i>1 July to 30 September 2011 (3 months) Unaudited</i>	<i>1 January to 30 September 2011 (9 months) Unaudited</i>
	<i>Notes</i>				
Interest income		21,671	64,436	21,166	59,042
Net fees and commissions		7,394	31,594	9,363	39,234
Trading income		21	38	27	425
Gains/(losses) from investments in SHUAA managed funds	13	5,823	16,063	(14,215)	(19,530)
Total revenues		34,909	112,131	16,341	79,171
General and administrative expenses		(42,785)	(137,520)	(52,523)	(162,543)
Interest expense		(2,563)	(9,360)	(3,495)	(11,736)
Depreciation		(1,361)	(5,562)	(2,694)	(8,285)
Provisions		(1,006)	(7,633)	(34,521)	(40,475)
Total expenses		(47,715)	(160,075)	(93,233)	(223,039)
Net loss before gain from other investments		(12,806)	(47,944)	(76,892)	(143,868)
Gains/(losses) from other investments, including investments in third party associates	14	(1,105)	10,371	(79,279)	(38,039)
Loss for the period		(13,911)	(37,573)	(156,171)	(181,907)
Attributable to:					
Non controlling interests		13	753	75	23
Equity holders of the parent		(13,924)	(38,326)	(156,246)	(181,930)
Basic loss per share (in AED)	15	(0.013)	(0.036)	(0.147)	(0.171)

The attached notes 1 to 22 form an integral part of this interim condensed consolidated financial information.

SHUAA Capital pscInterim Consolidated Statement of Comprehensive Income
For the period ended 30 September 2012

(In Thousands of U.A.E. Dirhams)

	<i>1 July to 30 September 2012 (3 months) Unaudited</i>	<i>1 January to 30 September 2012 (9 months) Unaudited</i>	<i>1 July to 30 September 2011 (3 months) Unaudited</i>	<i>1 January to 30 September 2011 (9 months) Unaudited</i>
Loss for the period	(13,911)	(37,573)	(156,171)	(181,907)
Other comprehensive loss/(income)				
Net revaluation reserve movement on:				
- Investments in SHUAA managed funds	-	-	-	(271)
- Other investments	1,359	(5,053)	(4,954)	3,052
Share of other comprehensive income/(loss) of associates	(1,127)	223	(29)	(3,484)
Exchange differences on translation of foreign operations	(4)	19	11	(40)
Other comprehensive (loss)/income for the period	228	(4,811)	(4,972)	(743)
Total comprehensive loss for the period	(13,683)	(42,384)	(161,143)	(182,650)
Attributable to:				
Non controlling interests	12	750	77	23
Equity holders of the parent	(13,695)	(43,134)	(161,220)	(182,673)

SHUAA Capital psc**Interim Consolidated Statement of Cash Flows**

For the period ended 30 September 2012

(In Thousands of U.A.E. Dirhams)

	1 January to 30 September 2012 (9 months) Unaudited	1 January to 30 September 2011 (9 months) Unaudited
Operating activities		
Loss for the period	(37,573)	(181,907)
Adjustments:		
Depreciation	5,562	8,285
(Gains)/losses on investments in SHUAA managed funds	(16,063)	19,530
(Gains)/losses from other investments	(10,371)	42,035
Share based payments charge	1,108	2,105
Provisions	7,633	40,475
Operating loss before changes in operating assets and liabilities	(49,704)	(69,477)
Changes in operating assets and liabilities:		
Decrease/(increase) in receivables and other debit balances	14,064	(1,614)
Decrease in installment credits, loans and advances	21,543	7,534
Decrease in payables and other credit balances	(26,559)	(35,650)
Net sale/(acquisition) of SHUAA managed funds	35,842	(58,273)
Net cash used in operating activities	(4,814)	(157,480)
Investing activities		
Net proceeds from other investments/associates	121,830	117,160
Dividends received	6,033	2,000
Net purchase of property and equipment	(2,018)	(2,119)
Net cash from investing activities	125,845	117,041
Financing activities		
Increase in medium term debt	4,688	10,625
Decrease in amounts due to banks	(121,689)	(26,069)
Distribution to non controlling interests	(631)	-
Net cash used in financing activities	(117,632)	(15,444)
Increase/(decrease) in cash and cash equivalents	3,399	(55,883)
Foreign currency translation	9	(33)
Cash and cash equivalents at beginning of the period	340,207	397,149
Cash and cash equivalents at end of the period	343,615	341,233

The attached notes 1 to 22 form an integral part of this interim condensed consolidated financial information.

SHUAA Capital psc

Interim Consolidated Statement of Changes In Equity

For the period ended 30 September 2012

(In Thousands of U.A.E. Dirhams)

	Equity attributable to shareholders of the Parent							Non controlling interests	Total
	Share capital	Treasury shares	Employee stock option plan shares	Statutory reserve	Accumulated losses	Investment revaluation reserve	Translation reserve		
Balance as of 1 January 2011 (Audited)	1,065,000	(14,458)	(86,603)	728,295	(235,678)	18,043	(160)	360	1,474,799
Total comprehensive loss for the period	-	-	-	-	(181,930)	(704)	(39)	23	(182,650)
Share based payments charge	-	-	-	-	2,105	-	-	-	2,105
Balance as of 30 September 2011 (Unaudited)	1,065,000	(14,458)	(86,603)	728,295	(415,503)	17,339	(199)	383	1,294,254

	Equity attributable to shareholders of the Parent							Non controlling interests	Total
	Share capital	Treasury shares	Employee stock option plan shares	Statutory reserve	Accumulated losses	Investment revaluation reserve	Translation reserve		
Balance as of 1 January 2012 (Audited)	1,065,000	(14,458)	(86,603)	728,295	(530,301)	6,803	(217)	405	1,168,924
Total comprehensive loss for the period	-	-	-	-	(38,326)	(4,830)	22	750	(42,384)
Distribution to non controlling interests	-	-	-	-	-	-	-	(631)	(631)
Accumulated losses offset (<i>note 22</i>)	-	-	-	(530,301)	530,301	-	-	-	-
Share based payments charge	-	-	-	-	1,108	-	-	-	1,108
Balance as of 30 September 2012 (Unaudited)	1,065,000	(14,458)	(86,603)	197,994	(37,218)	1,973	(195)	524	1,127,017

The attached notes 1 to 22 form an integral part of this interim condensed consolidated financial information.

SHUAA Capital psc

Notes to the Interim Condensed Consolidated Financial Information

For the period ended 30 September 2012

(In Thousands of U.A.E. Dirhams)

1. LEGAL STATUS AND ACTIVITIES

SHUAA Capital psc (the “Parent Company”) is a public shareholding company established in Dubai, United Arab Emirates, pursuant to Emiri Decree No. 6 of 25 April 1979 and in accordance with the Federal Law No. (8) of 1984 (as amended). The registered address of the Company is P.O. Box 31045, Dubai, United Arab Emirates. The Company’s shares are traded on the Dubai Financial Market in the United Arab Emirates.

The Company is licensed by the Central Bank of the United Arab Emirates to conduct services as a financial investment company and a banking, finance and investment advisor pursuant to Central Bank Board of Directors Resolution 164/8/94 and as a financial and monetary intermediary pursuant to Central Bank Board of Directors Resolution 126/5/95.

The Company and its subsidiaries (the “Group”) conduct a diversified range of investment and financial service activities 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.

Details of the Company’s material subsidiaries as at 30 September 2012 are as follows:

Name	Country of incorporation	Principle activities	Holding 30 September 2012	Holding 31 December 2011
Gulf Finance Corporation PJSC	United Arab Emirates	Financing	100.0%	100.0%
SHUAA Capital International Limited	United Arab Emirates	Brokerage	100.0%	100.0%
SHUAA Partners Limited	United Arab Emirates	Private Equity	100.0%	100.0%
SHUAA Securities LLC	United Arab Emirates	Brokerage	100.0%	100.0%
SHUAA Capital Saudi Arabia CJSC	Saudi Arabia	Financial services	99.6%	99.6%
Nile One Limited	Egypt	Brokerage	100.0%	100.0%
Asia Brokers Limited	Jordan	Brokerage	94.3%	94.3%

2. SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

The interim condensed consolidated financial information is presented in thousands of United Arab Emirates Dirhams since that is the country in which the Parent Company is domiciled and the majority of the Group’s business is transacted.

The interim condensed consolidated financial information has been prepared on the historical cost basis, except for the revaluation of certain financial instruments which are stated at their fair value.

The accounting policies adopted, methods of computation, critical accounting judgments and key sources of estimation uncertainty are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2011.

The interim condensed consolidated financial information does not include all the information required for full annual consolidated financial statements and should be read in conjunction with the Group’s audited consolidated financial statements as at and for the year ended 31 December 2011. In addition, results for the nine-month period ended 30 September 2012 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2012.

The Group’s financial risk management objectives and policies are consistent with those disclosed in the audited consolidated financial statements as at and for the year ended 31 December 2011.

All significant inter group company balances, income and expenses are eliminated on consolidation.

No income of a seasonal nature was recorded in the interim consolidated statement of income for the nine-month periods ended 30 September 2012 and 2011.

The Group has not applied any of the new and revised IFRSs that have been issued but are not yet effective. The Group anticipates that these new standards will be adopted in the Group’s consolidated financial statements in the year of initial application and that the application of such standards may have significant impact on amounts reported in respect of the Group’s statements. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Notes to the Interim Condensed Consolidated Financial Information

For the period ended 30 September 2012

(In Thousands of U.A.E. Dirhams)

3. CASH AND DEPOSITS WITH BANKS

Cash and deposits with banks include a fixed deposit of 21,500 (31 December 2011 – 43,097) with a local bank, which is held as collateral for a Central Bank guarantee.

4. INSTALLMENT CREDITS, LOANS AND ADVANCES

Installment credits, loans and advances comprise the following:

	<i>30 September 2012 Unaudited</i>	<i>31 December 2011 Audited</i>
Installment credits, loans and advances	560,857	502,562
Margin lending	123,593	193,476
	684,450	696,038
Less: Cumulative allowance for impairment	(117,388)	(111,905)
Less: Interest in suspense	(15,282)	(7,689)
	551,780	576,444

5. INVESTMENTS IN SHUAA MANAGED FUNDS

Investments in SHUAA managed funds consist of the following:

	<i>30 September 2012 Unaudited</i>	<i>31 December 2011 Audited</i>
Held at fair value through profit or loss	139,029	153,513
Available for sale	-	12,778
Associates	73,913	66,430
	212,942	232,721

Available for sale

During the period the Group's investment in SHUAA Partners Fund I L.P., was fully redeemed for 15,283 realising a net gain of 2,505.

Associates

The Group owns 28.6% (31 December 2011: 27.8%) of SHUAA Hospitality Fund I L.P., a closed ended private equity investment fund registered as an exempted limited partnership in the Cayman Islands. The principal purpose of this fund is to undertake direct or indirect investments in hospitality development projects and existing hospitality properties to be managed by Rotana Hotel Management Corporation LLC in the MENA region. As a consequence of cross investment holdings by this fund the Group indirectly own 27.6% (31 December 2011: 27.1%) of SHUAA Saudi Hospitality Fund I, a closed ended investment fund regulated by the Capital Markets Authority in Saudi Arabia. The principal purpose of the SHUAA Saudi Hospitality Fund I is to achieve long term capital growth through investing in hospitality related real estate in the Kingdom of Saudi Arabia.

The Group owns 35.5% (31 December 2011: 35.5%) of Frontier Opportunities Fund I L.P., a closed ended private equity investment fund registered as an exempted limited partnership in the Cayman Islands. The principal purpose of this fund is to undertake direct or indirect investments in the Levant region. The recoverable amount of this asset has been determined based on equity accounting net of an impairment provision.

(In Thousands of U.A.E. Dirhams)

6. INVESTMENTS IN THIRD PARTY ASSOCIATES

The Group has the following investments in third party associates:

	<i>30 September 2012 Unaudited</i>	<i>31 December 2011 Audited</i>
U.A.E.	65,322	63,179
Other G.C.C.	69,606	72,347
	134,928	135,526

City Engineering LLC

The Group owns 40.0% (31 December 2011: 40.0%) of City Engineering LLC, a limited liability company based in Sharjah U.A.E. and engaged in contracting activities. The recoverable amount of this asset has been determined based on equity accounting net of an impairment provision.

Septeck Holding Limited

Septeck Holding Limited is a limited liability company, incorporated in Cayman Islands and based in Sharjah U.A.E., engaged in wastewater, water, marina and related infrastructure products and services. The Group owns 49.0% (31 December 2011: 49.0%) of Septeck Holding Limited. The recoverable amount of this asset has been determined based on equity accounting net of an impairment provision.

Amwal

The Group owns 46.7% (31 December 2011: 46.7%) of Amwal, a Qatari closed shareholding company licensed by the Central Bank of Qatar to conduct investment banking and asset management activities in Qatar. The recoverable amount of this asset has been determined based on equity accounting net of an impairment provision.

7. OTHER INVESTMENTS

Other investments comprise the following:

	<i>30 September 2012 Unaudited</i>	<i>31 December 2011 Audited</i>
Investment held at fair value through profit or loss	66,424	97,558
Investments available for sale	17,986	108,567
Investments held to maturity	7,519	7,519
	91,929	213,644

a) Investment securities held at fair value through profit or loss

Investment securities held at fair value through profit or loss comprise the following:

	<i>30 September 2012 Unaudited</i>	<i>31 December 2011 Audited</i>
Fund investments	5,095	9,261
Equity securities	34	15,975
Fixed income securities	61,295	72,322
	66,424	97,558

Notes to the Interim Condensed Consolidated Financial Information

For the period ended 30 September 2012

(In Thousands of U.A.E. Dirhams)

7. OTHER INVESTMENTS - continued**b) Investments available for sale**

Investments available for sale comprise the following:

	30 September 2012 Unaudited	31 December 2011 Audited
Equity investments	2,987	9,181
Unquoted fund investments	<u>14,999</u>	<u>99,386</u>
	<u>17,986</u>	<u>108,567</u>

Unquoted fund investments

During the period the Group exited from four of its investments in private equity funds for 70,704 realising a net gain of 5,805.

c) Investments held to maturity

Investments held to maturity comprise the following:

	30 September 2012 Unaudited	31 December 2011 Audited
Fixed income securities	<u>7,519</u>	<u>7,519</u>

8. 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 those banks. Amounts due to banks are repayable within twelve months.

	30 September 2012 Unaudited	31 December 2011 Audited
Term loans repayable within twelve months	<u>127,159</u>	<u>222,181</u>

The Group's banking facilities carry EIBOR based floating interest rates plus a spread ranging between 3.0% and 4.5%.

At 30 September 2012, letters of guarantee on behalf of the Group amounting to 96,211 (31 December 2011: 153,698) had been provided by the Group's bankers. These guarantees are a standard mechanism used within the region's banking structures and financial exchanges to facilitate activities. It is anticipated that no material liabilities will arise from these guarantees.

Included within term loans is 53,333 being the component of a term loan from a local bank secured by a charge over certain of the Group's assets.

9. MEDIUM TERM DEBT

Medium term debt comprises the following:

	30 September 2012 Unaudited	31 December 2011 Audited
Term loans	<u>31,771</u>	<u>53,750</u>

(In Thousands of U.A.E. Dirhams)

10. TREASURY SHARES

The Group held the following treasury shares at 30 September 2012:

	30 September 2012 Unaudited	31 December 2011 Audited
Number of treasury shares	3,500,000	3,500,000
Treasury share as percentage of total shares in issue	0.3%	0.3%
Cost of treasury shares	14,458	14,458
Market value of treasury shares	2,100	1,925

During the period, no treasury shares were bought or sold.

11. EMPLOYEE STOCK OPTION PLAN SHARES

The following employee stock option plan shares were held in trust at 30 September 2012:

	30 September 2012 Unaudited	31 December 2011 Audited
Number of shares	31,598,004	31,598,004
Shares as percentage of total shares in issue	3.0%	3.0%
Cost of shares	86,603	86,603
Market value of shares	18,959	17,379

There was no movement in employee stock option plan shares during the period.

12. INVESTMENT REVALUATION RESERVE

	1 January to 30 September 2012 (9 months) Unaudited	1 January to 31 December 2011 (12 months) Audited
Available for sale investments		
Balance at beginning of the period	5,609	13,890
Net movement in fair values during the period	7,384	(8,236)
Realised during the period	(12,437)	(45)
Balance at end of the period	556	5,609
Group's share of investment revaluation reserves in associates		
Balance at beginning of the period	1,194	4,153
Net movement in fair values during the period	223	(2,959)
Balance at end of the period	1,417	1,194
Total investment revaluation reserve	1,973	6,803

Notes to the Interim Condensed Consolidated Financial Information

For the period ended 30 September 2012

(In Thousands of U.A.E. Dirhams)

13. GAINS/(LOSSES) FROM INVESTMENTS IN SHUAA MANAGED FUNDS

Gains and losses from SHUAA managed funds comprise the following:

	<i>1 January to 30 September 2012 (9 months) Unaudited</i>	<i>1 January to 30 September 2011 (9 months) Unaudited</i>
Funds held at fair value through profit or loss	14,515	(9,239)
Investments available for sale	2,505	(2,640)
Associates	(957)	(7,651)
	16,063	(19,530)

14. GAINS/(LOSSES) FROM OTHER INVESTMENTS, INCLUDING THIRD PARTY ASSOCIATES

Gains and losses from other investments are detailed as follows:

	<i>1 January to 30 September 2012 (9 months) Unaudited</i>	<i>1 January to 30 September 2011 (9 months) Unaudited</i>
Third party associates	5,202	(43,456)
Other investments		
Held at fair value through profit or loss	2,393	13,435
Available for sale		
Gains	16,464	3,982
Impairment	(13,688)	(23,974)
Held to maturity		
Gain on maturity	-	11,974
	10,371	(38,039)

15. LOSS PER SHARE

Basic loss per share have been computed using the net loss attributable to the ordinary equity holders of the parent (38,326) (30 September 2011 – (181,930)) divided by the weighted average number of ordinary shares outstanding 1,061,500,000 (30 September 2011 – 1,061,500,000).

Diluted earnings per share as of 30 September 2012 and 30 September 2011 are equivalent to basic loss per share as the Company did not issue any new instrument that would impact earnings per share when executed.

Notes to the Interim Condensed Consolidated Financial Information

For the period ended 30 September 2012

(In Thousands of U.A.E. Dirhams)

16. RELATED PARTY TRANSACTIONS

The Group enters into transactions with companies and entities that fall within the definition of a related party. Related parties represent significant shareholders, directors and key management personnel of the Group, their close family members and entities controlled, jointly controlled or significantly influenced by such parties.

The nature of significant related party transactions and the amounts involved were as follows:

	30 September 2012 Unaudited	31 December 2011 Audited
Receivables and other debit balances		
Associates	4	15,345
Other related parties	288	253
Loans and advances		
Associates	16,062	31,681
Other related parties	-	2,686
Key management personnel	331	861
Investments in SHUAA managed funds	<u>212,942</u>	<u>232,721</u>
	<u>229,627</u>	<u>283,547</u>

Advances to key management personnel reflects trading margin secured against investments held and sums advanced under the staff assistance program available to all employees for which no interest is charged.

	30 September 2012 Unaudited	31 December 2011 Audited
Payables and other credit balances		
Other related parties	<u>-</u>	<u>14,658</u>

Transactions with related parties included in the interim consolidated statement of income are as follows:

	1 January to 30 September 2012 (9 months) Unaudited	1 January to 30 September 2011 (9 months) Unaudited
Interest income		
Associates	2,012	1,383
Other related parties	97	407
(Losses)/gains from investments in SHUAA managed funds		
Associates	(957)	(7,651)
Other related parties	17,020	(11,879)
Fees and commission income		
Other related parties	<u>2,425</u>	<u>5,904</u>
	<u>20,597</u>	<u>(11,836)</u>

17. SEGMENTAL INFORMATION

For management purposes the Group is organised into five operating segments, all of which are based on business units.

Asset Management manages investment portfolios and funds spanning across fourteen regional stock exchanges. SHUAA Asset Management offers regional and foreign investors gateways for investment in the GCC and Arab stock markets. SHUAA Asset Management manages conventional equity, debt and money market as well as Shariah compliant portfolios and investment funds using both active and passive management styles. It also manages two private equity funds.

Investment Banking provides corporate finance advisory, private placements, public offerings of equity and debt securities, trade sales, mergers, acquisitions, divestitures, spinoffs, syndications and structured products.

Brokerage operates under the brand of SHUAA Securities and acts as principal and agent, providing custody and clearing services to clients, providing access to regional exchanges.

Lending activities are conducted by Gulf Finance, which is primarily engaged in asset backed lending with a primary focus on Small and Medium Enterprises finance.

Corporate manages future corporate development and controls all cash and shared service expenses related to the Group. All proprietary investments are incubated within this business segment which also comprises, strategy and business development, legal and compliance, finance, treasury, operations, risk management, investor relations, marketing communications and human resources, including Group wide bonus and employee compensation and benefits.

Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

SHUAA Capital psc**Notes to the Interim Condensed Consolidated Financial Information**

For the period ended 30 September 2012

(In Thousands of U.A.E. Dirhams)

17. SEGMENTAL INFORMATION - continued

The following tables present consolidated financial information regarding the Group's business segments.

1 January to 30 September 2012 (9 months) Unaudited						
	Asset Management	Investment Banking	Brokerage	Lending	Corporate	Total
Interest income	216	993	760	53,582	8,885	64,436
Net fees and commissions	13,586	8,317	6,770	2,061	860	31,594
Trading income	-	38	-	-	-	38
Gains from investments in SHUAA managed funds	-	-	-	-	16,063	16,063
Total revenues	13,802	9,348	7,530	55,643	25,808	112,131
General & administrative expenses	(14,324)	(10,307)	(14,455)	(31,670)	(66,764)	(137,520)
Interest expenses	-	-	-	(7,944)	(1,416)	(9,360)
Depreciation	-	-	(196)	(2,050)	(3,316)	(5,562)
Provisions	167	211	9,730	(10,145)	(7,596)	(7,633)
Total expenses	(14,157)	(10,096)	(4,921)	(51,809)	(79,092)	(160,075)
Net (losses)/gains before gains/(losses) from other investments	(355)	(748)	2,609	3,834	(53,284)	(47,944)
Gains/(losses) from other investments	5	-	(40)	-	10,406	10,371
(Loss)/profit for the period	(350)	(748)	2,569	3,834	(42,878)	(37,573)
Attributable to:						
Non controlling interests	-	-	(33)	-	786	753
Equity holders of the parent	(350)	(748)	2,602	3,834	(43,664)	(38,326)
30 September 2012 Unaudited						
	Asset Management	Investment Banking	Brokerage	Lending	Corporate	Total
Assets	10,772	488	110,826	561,928	741,123	1,425,137
Liabilities	15	-	38,156	132,253	127,696	298,120

SHUAA Capital psc**Notes to the Interim Condensed Consolidated Financial Information**

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(In Thousands of U.A.E. Dirhams)

17. SEGMENTAL INFORMATION - continued

1 January to 30 September 2011 (9 months) Unaudited						
	Asset Management	Investment Banking	Brokerage	Lending	Corporate	Total
Interest income	194	2,308	2,796	39,796	13,948	59,042
Net fees and commissions	17,272	3,421	14,528	3,170	843	39,234
Trading income	-	425	-	-	-	425
Losses from investments in SHUAA managed funds	-	-	-	-	(19,530)	(19,530)
Total revenues	17,466	6,154	17,324	42,966	(4,739)	79,171
General & administrative expenses	(14,695)	(11,018)	(26,051)	(21,704)	(89,075)	(162,543)
Interest expenses	-	-	(12)	(3,095)	(8,629)	(11,736)
Depreciation	(40)	-	(3,109)	(1,975)	(3,161)	(8,285)
Provisions	-	(7,105)	(33,534)	1,795	(1,631)	(40,475)
Total expenses	(14,735)	(18,123)	(62,706)	(24,979)	(102,496)	(223,039)
Net (losses)/gains before (losses)/gains from other investments	2,731	(11,969)	(45,382)	17,987	(107,235)	(143,868)
(Losses)/gains from other investments	(150)	-	2,366	-	(40,255)	(38,039)
(Loss)/profit for the period	2,581	(11,969)	(43,016)	17,987	(147,490)	(181,907)
Attributable to:						
Non controlling interests	12	(3)	(16)	-	30	23
Equity holders of the parent	2,569	(11,966)	(43,000)	17,987	(147,520)	(181,930)
31 December 2011 Audited						
	Asset Management	Investment Banking	Brokerage	Lending	Corporate	Total
Assets	23,433	6,860	156,807	518,733	900,260	1,606,093
Liabilities	1,106	-	47,220	166,651	222,192	437,169

The revenue reported above represents revenue generated from external customers only.

The accounting policies of each of the reportable segments are consistent with those of the Group.

Certain comparative numbers as of 30 September 2011 have been reclassified between segments in order to correspond to the changes in the internal reporting to management.

SHUAA Capital psc

Notes to the Interim Condensed Consolidated Financial Information

For the period ended 30 September 2012

(In Thousands of U.A.E. Dirhams)

18. GEOGRAPHICAL SEGMENTATION

The Group's assets, before considering collateral held or other credit enhancements can be analysed by the following geographical regions:

	UAE	GCC Other	MENA Other	North America	Europe	Asia Other	Total
Cash and deposits with banks	281,024	47,950	1,878	12,452	311	-	343,615
Receivables and other debit balances	21,625	4,550	2,745	-	529	-	29,449
Installment credits, loans and advances	521,068	14,630	16,082	-	-	-	551,780
Investments in SHUAA managed funds	31,091	181,851	-	-	-	-	212,942
Investments in third party associates	65,321	69,607	-	-	-	-	134,928
Other investments	35,005	48,287	3,530	3,518	1,589	-	91,929
Fixed assets	25,202	964	217	-	-	-	26,383
Goodwill	34,111	-	-	-	-	-	34,111
Total Assets - 30 September 2012	1,014,447	367,839	24,452	15,970	2,429	-	1,425,137
Total Assets - 31 December 2011	1,040,415	415,615	49,866	15,962	7,160	77,075	1,606,093
Total Assets – 30 September 2011	1,088,649	377,172	67,304	32,677	14,221	110,694	1,690,717

19. MATURITY PROFILE

The maturity profile of assets and liabilities as of 30 September 2012, determined on the basis of the remaining contractual maturity. Where assets have no contractual maturity date (*), management have made an estimate of the maturity date based on the liquidity of the asset and their intention.

	Less than 3 Months	3-12 Months	Sub total Less than a year	1-5 Years	Over 5 years	Grand total
Cash and deposits with banks	322,115	21,500	343,615	-	-	343,615
Receivables and other debit balances	22,423	5,324	27,747	1,702	-	29,449
Installment credits, loans and advances	141,346	115,383	256,729	295,051	-	551,780
Investments in SHUAA managed funds*	45,458	31,091	76,549	136,393	-	212,942
Investments in third party associates*	-	107,129	107,129	27,799	-	134,928
Other investments*	49,899	12,959	62,858	29,071	-	91,929
Fixed assets*	217	-	217	26,166	-	26,383
Goodwill*	-	-	-	-	34,111	34,111
Total Assets	581,458	293,386	874,844	516,182	34,111	1,425,137
Due to banks	88,514	38,645	127,159	-	-	127,159
Payables and other credit balances	108,065	23,483	131,548	7,642	-	139,190
Medium term debt	-	-	-	31,771	-	31,771
Equity	-	-	-	-	1,127,017	1,127,017
Total Liabilities and Equity	196,579	62,128	258,707	39,413	1,127,017	1,425,137
Net liquidity gap	384,879	231,258	616,137	476,769	(1,092,906)	-
Cumulative liquidity gap	384,879	616,137	616,137	1,092,906	-	-

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20. COMMITMENTS AND CONTINGENT LIABILITIES

The Group had the following outstanding commitments and contingent liabilities:

	30 September 2012 Unaudited	31 December 2011 Audited
Contingent liabilities	61,395	35,474

Included within contingent liabilities are performance guarantees issued on behalf of City Engineering, an associate. These guarantees are regarded as unlikely to crystallise as a liability.

	30 September 2012 Unaudited	31 December 2011 Audited
Commitments		
SHUAA managed funds	71,753	80,194
Other investments	33,003	49,837

21. CLIENTS' FUNDS UNDER MANAGEMENT

The Group is licensed as a financial services company regulated by the Central Bank of the United Arab Emirates. At 30 September 2012, clients' assets amounting to 4.2 billion (31 December 2011: 5.3 billion) were managed in a fiduciary capacity, without risk or recourse to the Group. These funds are off balance sheet items and do not constitute part of the Group's assets.

22. ACCUMULATED LOSSES

The Annual General Meeting of the Company held on 24 April 2012 approved the offset of the accumulated losses amounting to 530,301 against the statutory reserve.