SHUAA Capital PSC

INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION AND REVIEW REPORT
FOR THE THREE MONTH PERIOD ENDED
31 MARCH 2013

Deloitte & Touche (M.E.)
Building 3, Level 6
Emaar Square
Downtown Dubai
P.O. Box 4254
Dubai, United Arab Emirates
Tel: +971 (0) 4 376 8888
Fax: +971 (0) 4 376 8899
www.deloitte.com

Report on Review of Interim Condensed Consolidated Financial Information

The Board of Directors
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 31 March 2013 and the related interim consolidated statements of income, comprehensive income, cash flows and changes in equity for the period from 1 January 2013 to 31 March 2013, 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
Partner
Registration No. 521

13 May 2013

SHUAA Capital PSC

Interim Consolidated Statement of Financial Position

As of 31 March 2013

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

	Notes	*31 March 2013 Unaudited*	*31 December 2012 Audited*	*31 March 2012 Unaudited*
Assets				
Cash and deposits with banks	3	**289,920**	423,317	345,125
Receivables and other debit balances		**17,173**	21,569	46,716
Loans and advances	4	**635,156**	562,382	536,003
Investments in SHUAA managed funds	5	**171,852**	164,813	276,765
Investments in third party associates	6	**89,001**	92,046	134,369
Other investments	7	**41,927**	50,867	169,612
Property and equipment		**25,754**	25,916	28,123
Goodwill		**34,111**	34,111	34,111
Total Assets		**1,304,894**	1,375,021	1,570,824
Liabilities				
Due to banks	8	**79,479**	136,319	239,043
Payables and other credit balances		**123,153**	133,060	166,755
Total Liabilities		**202,632**	269,379	405,798
Equity				
Share capital		**1,065,000**	1,065,000	1,065,000
Treasury shares	9	**(14,458)**	(14,458)	(14,458)
Employee stock option plan shares	10	**(86,603)**	(86,603)	(86,603)
Statutory reserve		**197,994**	197,994	728,295
Accumulated losses		**(62,407)**	(57,587)	(538,536)
Investment revaluation reserve	11	**2,526**	1,080	10,403
Translation reserve		**(309)**	(302)	(210)
Equity attributable to the shareholders of the Parent		**1,101,743**	1,105,124	1,163,891
Non controlling interests		**519**	518	1,135
Total Equity		**1,102,262**	1,105,642	1,165,026
Total Liabilities and Equity		**1,304,894**	1,375,021	1,570,824

The interim condensed consolidated financial information was approved by the Board of Directors on 13 May 2013.

Maktoum H. Al Maktoum
Executive Chairman

Colin Macdonald
Chief Executive Officer

Interim Consolidated Income Statement
For the period ended 31 March 2013

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

	Notes	1 January to 31 March 2013 (3 months) Unaudited	1 January to 31 March 2012 (3 months) Unaudited
Interest income		**22,420**	21,372
Net fees and commissions		**6,710**	12,065
Trading income		**-**	25
Gains/(losses) from investments in SHUAA managed funds	12	**7,036**	21,552
Total revenues		**36,166**	55,014
General and administrative expenses		**(37,677)**	(54,932)
Interest expense		**(1,712)**	(3,795)
Depreciation		**(1,272)**	(2,336)
Provisions - net		**1,509**	(1,025)
Total expenses		**(39,152)**	(62,088)
Net loss before gains/(losses) from other investments		**(2,986)**	(7,074)
(Losses)/gains from other investments, including third party associates	13	**(2,914)**	(740)
Loss for the period		**(5,900)**	(7,814)
Attributable to:			
Non controlling interests		**2**	734
Equity holders of the Parent		**(5,902)**	(8,548)
Loss per share (in AED)	14	**(0.006)**	(0.008)

The attached notes 1 to 20 form an integral part of this interim condensed consolidated financial information.

Interim Consolidated Statement of Comprehensive Income

For the period ended 31 March 2013

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

	1 January to 31 March 2013 (3 months) Unaudited	*1 January to 31 March 2012 (3 months) Unaudited*
Loss for the period	**(5,900)**	(7,814)
Other comprehensive income		
Net revaluation reserve movement on:		
- Investments in SHUAA managed funds	**-**	3,282
- Other investments	**1,542**	(1,419)
Share of other comprehensive income of associates	**(96)**	1,737
Exchange differences on translation of foreign operations	**(8)**	3
Other comprehensive income for the period	**1,438**	3,603
Total comprehensive loss for the period	**(4,462)**	(4,211)
Attributable to:		
Non controlling interests	**1**	730
Equity holders of the Parent	**(4,463)**	(4,941)

The attached notes 1 to 20 form an integral part of this interim condensed consolidated financial information.

Interim Consolidated Statement of Cash Flows

For the period ended 31 March 2013

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

	1 January to 31 March 2013 (3 months) Unaudited	*1 January to 31 March 2012 (3 months) Unaudited*
Operating activities		
Loss for the period	**(5,900)**	(7,814)
Adjustments:		
Depreciation	**1,272**	2,336
Gains on investments in SHUAA managed funds	**(7,036)**	(21,552)
Losses from other investments	**2,914**	740
Share based payments charge	**1,082**	313
Provisions - net	**(1,509)**	1,025
Operating loss before changes in operating assets and liabilities	**(9,177)**	(24,952)
Changes in operating assets and liabilities:		
Decrease/(increase) in receivables and other debit balances	**4,396**	(3,203)
(Increase)/decrease in loans and advances	**(71,265)**	47,299
Decrease in payables and other credit balances	**(13,538)**	(2,365)
Net acquisition of SHUAA managed funds	**-**	(19,211)
Net cash used in operating activities	**(89,584)**	(2,432)
Investing activities		
Net proceeds from other investments/associates	**10,413**	44,774
Capital distribution	**3,720**	-
Net purchase of property and equipment	**(1,110)**	(532)
Net cash from investing activities	**13,023**	44,242
Financing activities		
Decrease in amounts due to banks	**(56,840)**	(36,888)
Net cash used in financing activities	**(56,840)**	(36,888)
(Decrease)/increase in cash and cash equivalents	**(133,401)**	4,922
Foreign currency translation	**4**	(4)
Cash and cash equivalents at beginning of the period	**423,317**	340,207
Cash and cash equivalents at end of the period	**289,920**	345,125

The attached notes 1 to 20 form an integral part of this interim condensed consolidated financial information.

Interim Consolidated Statement of Changes In Equity

For the period ended 31 March 2013

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

	Equity attributable to shareholders of the Parent									
	Share capital	*Treasury shares*	*Employee stock option plan shares*	*Statutory reserve*	*Accumulated losses*	*Investment revaluation reserve*	*Translation reserve*	*Total*	*Non controlling interests*	*Total*
Balance as of 1 January 2012 *(Audited)*	**1,065,000**	**(14,458)**	**(86,603)**	**728,295**	**(530,301)**	**6,803**	**(217)**	**1,168,519**	**405**	**1,168,924**
Total comprehensive loss for the period	-	-	-	-	(8,548)	3,600	7	(4,941)	730	(4,211)
Share based payments charge	-	-	-	-	313	-	-	313	-	313
Balance as of 31 March 2012 *(Unaudited)*	**1,065,000**	**(14,458)**	**(86,603)**	**728,295**	**(538,536)**	**10,403**	**(210)**	**1,163,891**	**1,135**	**1,165,026**

	Equity attributable to shareholders of the Parent									
	Share capital	*Treasury shares*	*Employee stock option plan shares*	*Statutory reserve*	*Accumulated losses*	*Investment revaluation reserve*	*Translation reserve*	*Total*	*Non controlling interests*	*Total*
Balance as of 1 January 2013 *(Audited)*	**1,065,000**	**(14,458)**	**(86,603)**	**197,994**	**(57,587)**	**1,080**	**(302)**	**1,105,124**	**518**	**1,105,642**
Total comprehensive loss for the period	-	-	-	-	(5,902)	1,446	(7)	(4,463)	1	(4,462)
Share based payments charge	-	-	-	-	1,082	-	-	1,082	-	1,082
Balance as of 31 March 2013 *(Unaudited)*	**1,065,000**	**(14,458)**	**(86,603)**	**197,994**	**(62,407)**	**2,526**	**(309)**	**1,101,743**	**519**	**1,102,262**

The attached notes 1 to 20 form an integral part of this interim condensed consolidated financial information.

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

1. LEGAL STATUS AND ACTIVITIES

SHUAA Capital psc (the 'Company' or the 'Parent') 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 31 March 2013 are as follows:

Name	**Country of incorporation**	**Principal activities**	**Holding *31 March 2013***	Holding *31 December 2012*
Gulf Finance Corporation PJSC	United Arab Emirates	Financing	**100.0%**	100.0%
Gulf Installments Company LLC	Saudi Arabia	Financing	**100.0%**	100.0%
SHUAA Capital International Limited	United Arab Emirates	Brokerage	**100.0%**	100.0%
SHUAA Asset Management Limited (formerly SHUAA Partners Limited)	United Arab Emirates	Private Equity/ Asset Management	**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%
SHUAA Securities Egypt SAE (Formerly Nile One Limited)	Egypt	Brokerage	**100.0%**	100.0%
Asia for Economic Consultancy LLC (formerly Asia Brokers Limited)	Jordan	Consultancy	**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 2012, except for the adoption of new standards and interpretations effective as of 1 January 2013, which are detailed below. The application of these new standards and interpretations did not have any material impact on the amounts reported for the current and prior periods.

IAS 1	*Presentation of Items of Other Comprehensive Income – Amendments to IAS 1*
IFRS 7	*Financial Instruments: Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendment)*
IFRS 10*****	*Consolidated Financial Statements*
IFRS 11******	*Joint Arrangements*
IFRS 12	*Disclosure of Interests in Other Entities*
IFRS 13*******	*Fair Value Measurement*
IAS 27*****	*Separate Financial Statements*
IAS 34	*Interim financial reporting and segment information for total assets and liabilities (Amendment)*

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

2. SIGNIFICANT ACCOUNTING POLICIES - continued

**IFRS 10 Consolidated Financial Statements and IAS 27 Separate Financial Statements*
IFRS 10 establishes a single control model that applies to all entities including special purpose entities. IFRS 10 replaces the parts of previously existing IAS 27 Consolidated and Separate Financial Statements that dealt with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control in such a manner that to meet the definition of control, all three criteria must be met including: (a) an investor has power over an investee; (b) the investor has exposure or rights to variable returns from its involvement with the investee; and (c) the investor has the ability to use its power over the investee to affect the amount of the investor's returns. IFRS 10 had no impact on the consolidation of investments held by the Group.

***IFRS 11 Joint Arrangements*
IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities – Non-monetary Contributions by Venturers. IFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture under IFRS 11 must be accounted for using the equity method. IFRS 11 is effective for annual periods beginning on or after 1 January 2013. The adoption of IFRS 11 did not impact the accounting treatment or disclosure of the Group's investments.

****IFRS 13 Fair Value Measurement*
IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 had no impact on the fair value measurements carried out by the Group.

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.

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 2012. In addition, results for the three-month period ended 31 March 2013 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2013.

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 2012.

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 three-month periods ended 31 March 2013 and 2012.

3. CASH AND DEPOSITS WITH BANKS

Cash and deposits with banks include a fixed deposit of 21,500 (31 December 2012 – 21,500) with a local bank, which is held as collateral for a Central Bank guarantee.

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

4. LOANS AND ADVANCES

Loans and advances comprise the following:

	31 March 2013 Unaudited	*31 December 2012 Audited*
Loans and advances	**621,290**	528,465
Margin lending	**13,866**	33,917
	635,156	562,382

(a) Loans and advances

	31 March 2013 Unaudited	*31 December 2012 Audited*
Total loans and advances	**688,354**	586,705
Less: Cumulative allowance for impairment	**(45,354)**	(40,040)
Less: Interest in suspense	**(21,710)**	(18,200)
	621,290	528,465

(b) Margin lending

The Group 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 Group. As at 31 March 2013, these underlying securities were valued at 106,404 (31 December 2012 – 140,695). Provisions are made for the uncovered portion of margins. As at the end of the period, the cumulative provision is 67,674 (31 December 2012 – 80,427).

5. INVESTMENTS IN SHUAA MANAGED FUNDS

Investments in SHUAA managed funds consist of the following:

	31 March 2013 Unaudited	*31 December 2012 Audited*
Held at fair value through profit or loss	**108,564**	93,697
Associates	**63,288**	71,116
	171,852	164,813

Held at fair value through profit or loss
All investments in this category are classified as level 2 investments. Levels 1, 2 and 3 hierarchy is defined as per IFRS 7.

Associates
The Group owns 28.8% (31 December 2012: 28.8%) 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 27.8% (31 December 2012: 27.8%) 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 2012: 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:

	31 March 2013 Unaudited	*31 December 2012 Audited*
U.A.E.	**65,321**	65,321
Other G.C.C.	**23,680**	26,725
	89,001	92,046

City Engineering LLC
The Group owns 40.0% (31 December 2012: 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.

Septech Holding Limited
Septech 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 2012: 49.0%) of Septech Holding Limited. The recoverable amount of this asset has been determined based on equity accounting.

Amwal
The Group owns 46.7% (31 December 2012: 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 estimated exit value. During the period, the Group received 3,720 as a reduction in share capital.

7. OTHER INVESTMENTS

Other investments comprise the following:

	31 March 2013 Unaudited	*31 December 2012 Audited*
Investments held at fair value through profit or loss	**18,281**	28,760
Investments available for sale	**16,127**	14,588
Investments held to maturity	**7,519**	7,519
	41,927	50,867

a) Investments held at fair value through profit or loss

Investments held at fair value through profit or loss comprises the following:

	31 March 2013 Unaudited	*31 December 2012 Audited*
Fund investments	**4,747**	5,056
Equity securities	**34**	34
Fixed income securities	**13,500**	23,670
	18,281	28,760

Fixed income securities
During the period, the Group exited certain investments in fixed income securities for 10,112.

Fair value hierarchy
This category consist of level 1 investments of nil (31 December 2012: 10,172), level 2 investments of 4,806 (31 December 2012: 5,116) and level 3 investments of 13,475 (31 December 2012: 13,472). Levels 1, 2 and 3 hierarchy is defined as per IFRS 7.

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

7. OTHER INVESTMENTS - continued

b) Investments available for sale

Investments available for sale comprise the following:

	31 March 2013 Unaudited	*31 December 2012 Audited*
Equity investments	**2,982**	2,985
Unquoted fund investments	**13,145**	11,603
	16,127	14,588

Fair value hierarchy
This category consist of level 1 investments of 44 (31 December 2012: 47), level 2 investments of 2,938 (31 December 2012: 2,938) and level 3 investments of 13,145 (31 December 2012: 11,603). Levels 1, 2 and 3 hierarchy is defined as per IFRS 7.

c) Investments held to maturity

Investments held to maturity comprise the following:

	31 March 2013 Unaudited	*31 December 2012 Audited*
Fixed income securities	**7,519**	7,519

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.

	31 March 2013 Unaudited	*31 December 2012 Audited*
Repayable within twelve months	**30,417**	82,986
Repayable after twelve months	**49,062**	53,333
	79,479	136,319

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

At 31 March 2013, letters of guarantee on behalf of the Group amounting to 68,205 (31 December 2012: 68,205) 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.

9. TREASURY SHARES

The Group held the following treasury shares at 31 March 2013:

	31 March 2013 Unaudited	*31 December 2012 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	**1,911**	1,922

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

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

10. EMPLOYEE STOCK OPTION PLAN SHARES

The following employee stock option plan shares were held in trust at 31 March 2013:

	31 March 2013 Unaudited	*31 December 2012 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	**17,253**	17,347

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

During the period, the Company cancelled its existing stock option plan and replaced it with new long term incentive plan. The terms of the new plan are being finalised.

11. INVESTMENT REVALUATION RESERVE

	1 January to 31 March 2013 (3 months) Unaudited	*1 January to 31 December 2012 (12 months) Audited*
Available for sale investments		
Balance at beginning of the period	**544**	5,609
Realised during the period	**-**	(12,437)
Net movement in fair values during the period	**1,542**	7,372
Balance at end of the period	**2,086**	544
Group's share of investment revaluation reserves in associates		
Balance at beginning of the period	**536**	1,194
Net movement in fair values during the period	**(96)**	(658)
Balance at end of the period	**440**	536
Total investment revaluation reserve	**2,526**	1,080

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

Gains and losses from SHUAA managed funds comprise the following:

	1 January to 31 March 2013 (3 months) Unaudited	*1 January to 31 March 2012 (3 months) Unaudited*
Funds held at fair value through profit or loss	**14,867**	19,337
Associates	**(7,831)**	2,215
	7,036	21,552

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

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

Gains and losses from other investments are detailed as follows:

	1 January to 31 March 2013 (3 months) Unaudited	*1 January to 31 March 2012 (3 months) Unaudited*
Third party associates	**(2,848)**	(2,902)
Other investments		
Held at fair value through profit or loss	**(66)**	36
Available for sale		
- Net gain and loss on disposals	**-**	8,541
- Impairment	**-**	(6,415)
	(2,914)	(740)

14. EARNINGS PER SHARE

Basic earnings/(losses) per share have been computed using the net loss attributable to the ordinary equity holders of the Parent (5,902) (31 March 2012 – (8,548)) divided by the weighted average number of ordinary shares outstanding 1,061,500,000 (31 March 2012 – 1,061,500,000).

Diluted earnings per share as of 31 March 2013 and 31 March 2012 are equivalent to basic earnings per share as the Company did not issue any new instrument that would impact earnings per share when executed.

15. 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:

	31 March 2013 Unaudited	*31 December 2012 Audited*
Receivables and other debit balances		
Associates	**64**	381
Other related parties	**151**	268
Loans and advances		
Associates	**13,674**	14,614
Key management personnel	**155**	204
Investments in SHUAA managed funds	**171,852**	164,813
	185,896	180,280

Advances to key management personnel reflect sums advanced under the staff assistance program available to all employees for which no interest is charged.

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

15. RELATED PARTY TRANSACTIONS - continued

	31 March 2013 Unaudited	*31 December 2012 Audited*
Payables and other credit balances		
Other related parties	**3,632**	-

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

	1 January to 31 March 2013 (3 months) Unaudited	*1 January to 31 March 2012 (3 months) Unaudited*
Interest income		
Associates	**-**	751
Other related parties	**-**	53
Gains/(losses) from investments in SHUAA managed funds		
Associates	**(7,831)**	2,215
Other related parties	**14,867**	19,337
Fees and commission income		
Other related parties	**511**	855
	7,547	23,211

16. SEGMENTAL INFORMATION

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

Asset Management manages investment portfolios and funds in regional equities, fixed income and credit markets. Equities products span 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 and Shariah compliant portfolios and investment funds using both active and passive management styles. It also manages two private equity funds. SHUAA Credit is developing asset management products that provide access to attractive regional credit investment and lending opportunities for sophisticated institutional investors, private families and high net worth investors.

Investment Banking provides corporate finance advisory, private placements, public offerings of equity and debt securities, mergers, acquisitions, divestitures, spinoffs, syndications and structured products. In addition, SHUAA Credit provides debt advisory services including structuring and execution of innovative liquidity and financing solutions for regional corporate clients and family businesses.

Capital Markets provides sales and trading access to global markets for SHUAA's institutional and high net worth client base. Through Capital Markets, clients gain access to global equities and fixed income, primary issues as well as OTC derivatives, and liquidity through an extensive network of local and international counterparties. The Capital Markets Division is complemented by Investment Research which produces sectoral research coverage on listed companies across the GCC with emphasis on the UAE and Saudi equities.

Brokerage represents the tail of the SHUAA retail brokerage business which ceased operations with effect from 31 January 2013. Brokerage used to operate under the brand of SHUAA Securities and acted as principal and agent, providing custody and clearing services to clients, providing access to regional exchanges.

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

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

16. SEGMENTAL INFORMATION - continued

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.

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.

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

	1 January 2013 to 31 March 2013 (3 months) Unaudited						
	Asset Management	Investment Banking	Capital Markets	Brokerage	Lending	Corporate	Total
Interest income	57	-	276	-	20,311	1,776	22,420
Net fees and commissions	4,090	148	1,578	249	590	55	6,710
Gains from investments in SHUAA managed funds	-	-	-	-	-	7,036	7,036
Total revenues	4,147	148	1,854	249	20,901	8,867	36,166
General & administrative expenses	(3,343)	(2,112)	(1,414)	(1,768)	(11,669)	(17,371)	(37,677)
Interest expenses	-	-	-	-	(1,595)	(117)	(1,712)
Depreciation	-	-	-	(13)	(738)	(521)	(1,272)
Provisions	-	-	-	2,959	(4,315)	2,865	1,509
Total expenses	(3,343)	(2,112)	(1,414)	1,178	(18,317)	(15,144)	(39,152)
Net gain/(loss) before losses from other investments	804	(1,964)	440	1,427	2,584	(6,277)	(2,986)
Losses from other investments	-	-	-	-	-	(2,914)	(2,914)
Profit/(loss) for the period	804	(1,964)	440	1,427	2,584	(9,191)	(5,900)
Attributable to:							
Non controlling interests	-	-	-	-	-	2	2
Equity holders of the parent	804	(1,964)	440	1,427	2,584	(9,193)	(5,902)

	31 March 2013 Unaudited						
	Asset Management	Investment Banking	Capital Markets	Brokerage	Lending	Corporate	Total
Assets	10,774	488	-	36,542	716,847	540,243	1,304,894
Liabilities	93	-	-	8,387	118,372	75,780	202,632

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

16. SEGMENTAL INFORMATION - continued

	1 January 2012 to 31 March 2012 (3 months) Unaudited						
	Asset Management	Investment Banking	Capital Markets	Brokerage	Lending	Corporate	Total
Interest income	103	-	289	-	17,140	3,840	21,372
Net fees and commissions	4,436	347	1,758	4,679	790	55	12,065
Trading income	-	-	25	-	-	-	25
Gains from investments in SHUAA managed funds	-	-	-	-	-	21,552	21,552
Total revenues	4,539	347	2,072	4,679	17,930	25,447	55,014
General & administrative expenses	(7,413)	(3,650)	(1,183)	(6,967)	(9,690)	(26,029)	(54,932)
Interest expenses	-	-	-	-	(2,163)	(1,632)	(3,795)
Depreciation	-	-	-	(118)	(655)	(1,563)	(2,336)
Provisions	-	-	171	8,872	(1,715)	(8,353)	(1,025)
Total expenses	(7,413)	(3,650)	(1,012)	1,787	(14,223)	(37,577)	(62,088)
Net (loss)/gain before gains/(losses) from other investments	(2,874)	(3,303)	1,060	6,466	3,707	(12,130)	(7,074)
Gains/(losses) from other investments	13	-	-	-	-	(753)	(740)
(Loss)/profit for the period	(2,861)	(3,303)	1,060	6,466	3,707	(12,883)	(7,814)
Attributable to:							
Non controlling interests	-	-	-	(64)	-	798	734
Equity holders of the parent	(2,861)	(3,303)	1,060	6,530	3,707	(13,681)	(8,548)

	31 December 2012 Audited						
	Asset Management	Investment Banking	Capital Markets	Brokerage	Lending	Corporate	Total
Assets	7,801	801	-	56,122	630,656	679,641	1,375,021
Liabilities	20	-	-	30,284	135,501	103,574	269,379

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 31 March 2012 have been reclassified between segments in order to correspond to the changes in the internal reporting to management.

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

17. 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	**195,944**	**89,847**	**1,948**	**1,980**	**201**	**-**	**289,920**
Receivables and other debit balances	**10,094**	**3,942**	**2,633**	**10**	**494**	**-**	**17,173**
Loans and advances	**605,322**	**16,112**	**13,695**	**-**	**1**	**26**	**635,156**
Investments in SHUAA managed funds	**40,935**	**130,917**	**-**	**-**	**-**	**-**	**171,852**
Investments in third party associates	**65,321**	**23,680**	**-**	**-**	**-**	**-**	**89,001**
Other investments	**1,220**	**33,349**	**2,599**	**3,285**	**1,474**	**-**	**41,927**
Fixed assets	**24,383**	**1,229**	**142**	**-**	**-**	**-**	**25,754**
Goodwill	**34,111**	**-**	**-**	**-**	**-**	**-**	**34,111**
Total Assets - 31 March 2013	**977,330**	**299,076**	**21,017**	**5,275**	**2,170**	**26**	**1,304,894**
Total Assets - 31 December 2012	1,052,936	291,046	22,277	6,525	2,217	20	1,375,021
Total Assets – 31 March 2012	1,006,960	417,150	39,941	31,161	2,990	72,622	1,570,824

18. MATURITY PROFILE

The maturity profile of assets and liabilities as of 31 March 2013, 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	268,420	21,500	**289,920**	**-**	**-**	**289,920**
Receivables and other debit balances	5,680	8,365	**14,045**	**3,128**	**-**	**17,173**
Loans and advances	64,414	145,439	**209,853**	**425,303**	**-**	**635,156**
Investments in SHUAA managed funds*	-	40,935	**40,935**	**130,917**	**-**	**171,852**
Investments in third party associates*	-	61,202	**61,202**	**27,799**	**-**	**89,001**
Other investments*	3,007	11,136	**14,143**	**27,784**	**-**	**41,927**
Fixed assets*	142	-	**142**	**25,612**	**-**	**25,754**
Goodwill*	-	-	**-**	**-**	**34,111**	**34,111**
Total Assets	341,663	288,577	**630,240**	**640,543**	**34,111**	**1,304,894**
Due to banks	10,937	19,479	**30,416**	**49,063**	**-**	**79,479**
Payables and other credit balances	77,980	38,942	**116,922**	**6,231**	**-**	**123,153**
Equity	-	-	**-**	**-**	**1,102,262**	**1,102,262**
Total Liabilities and Equity	88,917	58,421	**147,338**	**55,294**	**1,102,262**	**1,304,894**
Net liquidity gap	252,746	230,156	**482,902**	**585,249**	**(1,068,151)**	**-**
Cumulative liquidity gap	252,746	482,902	**482,902**	**1,068,151**	**-**	

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

19. COMMITMENTS AND CONTINGENT LIABILITIES

The Group had the following outstanding commitments and contingent liabilities:

	31 March 2013 Unaudited	*31 December 2012 Audited*
Contingent liabilities	**63,020**	61,395

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.

	31 March 2013 Unaudited	*31 December 2012 Audited*
Commitments		
SHUAA managed funds	**71,753**	71,753

20. CLIENTS' FUNDS UNDER MANAGEMENT

The Group is licensed as a financial services company regulated by the Central Bank of the United Arab Emirates. At 31 March 2013, clients' assets amounting to 2.3 billion (31 December 2012: 4.0 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. During the period, clients' assets under management declined due to winding down of our retail brokerage activity.