

SHUAA Capital PSC

INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION AND REVIEW REPORT
FOR THE NINE MONTH PERIOD ENDED
30 SEPTEMBER 2013

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 30 September 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 30 September 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.

12 November 2013

Deloitte & Touche (M.E.)



Anis Sadek
Partner
Registration No. 521

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

As of 30 September 2013

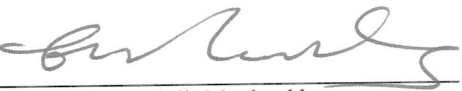
(In Thousands of U.A.E. Dirhams)

		<i>30 September 2013</i>	<i>31 December 2012</i>	<i>30 September 2012</i>
	<i>Notes</i>	<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>
<u>Assets</u>				
Cash and deposits with banks	4	201,572	423,317	343,615
Receivables and other debit balances		45,386	21,569	29,449
Loans, advances and finance leases	5	845,394	562,382	551,780
Investments in SHUAA managed funds	6	194,831	164,813	212,942
Investments in third party associates	7	85,069	92,046	134,928
Other investments	8	40,209	50,867	91,929
Property and equipment		33,328	25,916	26,383
Goodwill		34,111	34,111	34,111
Total Assets		1,479,900	1,375,021	1,425,137
<u>Liabilities</u>				
Due to banks	9	231,994	136,319	158,930
Payables and other credit balances		139,508	133,060	139,190
Total Liabilities		371,502	269,379	298,120
<u>Equity</u>				
Share capital		1,065,000	1,065,000	1,065,000
Treasury shares	10	(14,458)	(14,458)	(14,458)
Employee long term incentive plan shares	11	(90,025)	(86,603)	(86,603)
Statutory reserve		197,994	197,994	197,994
Accumulated losses		(52,520)	(57,587)	(37,218)
Investment revaluation reserve	12	2,187	1,080	1,973
Translation reserve		(306)	(302)	(195)
Equity attributable to the shareholders of the Parent		1,107,872	1,105,124	1,126,493
Non controlling interests		526	518	524
Total Equity		1,108,398	1,105,642	1,127,017
Total Liabilities and Equity		1,479,900	1,375,021	1,425,137

The interim condensed consolidated financial information was approved by the Board of Directors on 12 November 2013.



Maktoum H. Al Maktoum
Executive Chairman



Colin Macdonald
Chief Executive Officer

The attached notes 1 to 23 form an integral part of this interim condensed consolidated financial information.

SHUAA Capital psc**Interim Consolidated Statement of Income**

For the period ended 30 September 2013

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

		<i>1 July to 30 September 2013 (3 months) Unaudited</i>	<i>1 January to 30 September 2013 (9 months) Unaudited</i>	<i>1 July to 30 September 2012 (3 months) Unaudited</i>	<i>1 January to 30 September 2012 (9 months) Unaudited</i>
	<i>Notes</i>				
Interest income		29,309	76,916	21,671	64,436
Net fees and commissions		11,890	28,294	7,394	31,594
Trading income		1,448	1,417	21	38
Gains/(losses) from investments in SHUAA managed funds	13	12,125	27,665	5,823	16,063
Total revenues		54,772	134,292	34,909	112,131
General and administrative expenses		(37,442)	(113,062)	(42,785)	(137,520)
Interest expense		(2,735)	(6,031)	(2,563)	(9,360)
Depreciation		(1,686)	(4,401)	(1,361)	(5,562)
Provisions - net		(8,960)	(7,724)	(1,006)	(7,633)
Total expenses		(50,823)	(131,218)	(47,715)	(160,075)
Net profit/(loss) before (losses)/gains from other investments		3,949	3,074	(12,806)	(47,944)
(Losses)/gains from other investments, including third party associates	14	(326)	(4,025)	(1,105)	10,371
Profit/(loss) for the period		3,623	(951)	(13,911)	(37,573)
Attributable to:					
Non controlling interests		5	8	13	753
Equity holders of the Parent		3,618	(959)	(13,924)	(38,326)
Earnings/(loss) per share (in AED)	15	0.003	(0.001)	(0.013)	(0.036)

The attached notes 1 to 23 form an integral part of this interim condensed consolidated financial information.

SHUAA Capital psc**Interim Consolidated Statement of Comprehensive Income**

For the period ended 30 September 2013

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

	<i>1 July to 30 September 2013 (3 months) Unaudited</i>	<i>1 January to 30 September 2013 (9 months) Unaudited</i>	<i>1 July to 30 September 2012 (3 months) Unaudited</i>	<i>1 January to 30 September 2012 (9 months) Unaudited</i>
Profit/(loss) for the period	3,623	(951)	(13,911)	(37,573)
Other comprehensive income				
Net revaluation reserve movement on:				
- Other investments	212	1,643	1,359	(5,053)
Share of other comprehensive income of associates	-	(536)	(1,127)	223
Exchange differences on translation of foreign operations	12	(4)	(4)	19
Other comprehensive income/(loss) for the period	224	1,103	228	(4,811)
Total comprehensive income/(loss) for the period	3,847	152	(13,683)	(42,384)
Attributable to:				
Non controlling interests	5	8	12	750
Equity holders of the Parent	3,842	144	(13,695)	(43,134)

The attached notes 1 to 23 form an integral part of this interim condensed consolidated financial information.

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

For the period ended 30 September 2013

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

	<i>1 January to 30 September 2013 (9 months) Unaudited</i>	<i>1 January to 30 September 2012 (9 months) Unaudited</i>
Operating activities		
Loss for the period	(951)	(37,573)
Adjustments:		
Depreciation	4,401	5,562
Gains on investments in SHUAA managed funds	(27,665)	(16,063)
Losses/(gains) from other investments	4,025	(10,371)
Share based payments charge	6,026	1,108
Provisions - net	7,724	7,633
Operating loss before changes in operating assets and liabilities	(6,440)	(49,704)
Changes in operating assets and liabilities:		
(Increase)/decrease in receivables and other debit balances	(18,683)	14,064
(Increase)/decrease in loans, advances and finance leases	(291,800)	21,543
Decrease in payables and other credit balances	(1,253)	(26,559)
Net (acquisition)/sale of SHUAA managed funds	(2,350)	35,842
Net cash used in operating activities	(320,526)	(4,814)
Investing activities		
Net proceeds from other investments	12,608	121,830
Dividends and capital distribution	5,720	6,033
Net purchase of property and equipment	(11,813)	(2,018)
Net cash from investing activities	6,515	125,845
Financing activities		
Increase/(decrease) in amounts due to banks	95,675	(117,001)
Distribution to non controlling interests	-	(631)
Movement in employee long term incentive plan shares	(3,422)	-
Net cash from /(used in) financing activities	92,253	(117,632)
(Decrease)/increase in cash and cash equivalents	(221,758)	3,399
Foreign currency translation	13	9
Cash and cash equivalents at beginning of the period	423,317	340,207
Cash and cash equivalents at end of the period	201,572	343,615

The attached notes 1 to 23 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 2013

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

Equity attributable to shareholders of the Parent									
	Share capital	Treasury shares	Employee long term incentive plan shares	Statutory reserve	Accumulated losses	Investment revaluation reserve	Translation reserve	Total	Non controlling interests
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
Total comprehensive loss for the period	-	-	-	-	(38,326)	(4,830)	22	(43,134)	750
Distribution to non controlling interests	-	-	-	-	-	-	-	-	(631)
Accumulated losses offset	-	-	-	(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)	1,126,493	524

Equity attributable to shareholders of the Parent									
	Share capital	Treasury shares	Employee long term incentive plan shares	Statutory reserve	Accumulated losses	Investment revaluation reserve	Translation reserve	Total	Non controlling interests
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
Total comprehensive income/(loss) for the period	-	-	-	-	(959)	1,107	(4)	144	8
Net movement in employee long term incentive plan shares	-	-	(3,422)	-	-	-	-	(3,422)	-
Share based payments charge	-	-	-	-	6,026	-	-	6,026	-
Balance as of 30 September 2013 (Unaudited)	1,065,000	(14,458)	(90,025)	197,994	(52,520)	2,187	(306)	1,107,872	526

The attached notes 1 to 23 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 2013

(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 30 September 2013 are as follows:

Name	Country of incorporation	Principal activities	Holding 30 September 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	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	Egypt	Brokerage	100.0%	100.0%
Asia for Economic Consultancy LLC	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	<i>Presentation of Items of Other Comprehensive Income – Amendments to IAS 1</i>
IFRS 7	<i>Financial Instruments: Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendment)</i>
IFRS 10*	<i>Consolidated Financial Statements</i>
IFRS 11**	<i>Joint Arrangements</i>
IFRS 12	<i>Disclosure of Interests in Other Entities</i>
IFRS 13***	<i>Fair Value Measurement</i>
IAS 27*	<i>Separate Financial Statements</i>
IAS 34	<i>Interim financial reporting and segment information for total assets and liabilities (Amendment)</i>

(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.

Further, during the period, the following accounting policies became relevant to the Group.

Leases

During the period, the Group introduced new leasing services acting as Lessor. Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight line basis over the lease term.

Derivatives

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

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 nine month period ended 30 September 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 nine month periods ended 30 September 2013 and 2012.

3. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial assets recorded at fair value by level of the fair value hierarchy:

30 September 2013				
<i>Unaudited</i>				
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Investments in SHUAA managed funds				
Held at fair value through profit or loss	-	129,072	-	129,072
Other investments				
Held at fair value through profit or loss	-	3,858	13,475	17,333
Available for sale	-	42	15,315	15,357
	-	132,972	28,790	161,762
31 December 2012				
<i>Audited</i>				
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Investments in SHUAA managed funds				
Held at fair value through profit or loss	-	93,697	-	93,697
Other investments				
Held at fair value through profit or loss	10,172	5,116	13,472	28,760
Available for sale	47	2,938	11,603	14,588
	10,219	101,751	25,075	137,045

Financial assets recorded at fair value:

The following is a description of the determination of fair value for financial instruments which are recorded at fair value using valuation techniques. These incorporate the Group's estimate of assumptions that a market participant would make when valuing the instruments.

Held at fair value through profit or loss

Held at fair value through profit or loss investments are valued using market prices in active markets or valuation techniques which incorporate data which is both observable and non-observable. This category includes quoted funds and unquoted private equity funds which invest in underlying assets which are in turn valued based on both observable and non-observable data. Observable inputs include market prices (from active markets), foreign exchange rates and movements in stock market indices. Unobservable inputs include assumptions regarding expected future financial performance, discount rates and market liquidity discounts.

Available for sale

Available for sale financial assets are valued using quoted prices in active markets, valuation techniques or pricing models and consist of quoted equities, unquoted equities and unquoted private equity funds. These assets are valued using quoted prices or models which incorporate data which is both observable and non-observable. The non-observable inputs to the models include assumptions regarding the future financial performance of the investee, its risk profile and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates.

SHUAA Capital psc

Notes to the Interim Condensed Consolidated Financial Information

For the period ended 30 September 2013

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

3. FAIR VALUE OF FINANCIAL INSTRUMENTS - continued

Movements in level 3 financial assets measured at fair value

During the period, the Group transferred a financial instrument from level 2 to level 3, as the observable data used for the valuation of the financial instrument became unavailable.

The following table shows a reconciliation of the opening and closing balance of level 3 financial assets which are recorded at fair value:

<i>1 January to 30 September 2013</i> <i>(9 months) Unaudited</i>						
<i>Balance at 1 January 2013</i>	<i>Gain/(loss) through P&L</i>	<i>Gain/(loss) through OCI</i>	<i>Purchases</i>	<i>Sales</i>	<i>Transfers from/(to) levels 1 & 2</i>	<i>Balance at 30 September 2013</i>
Other investments						
Held at FVTPL	13,472	3	-	-	-	13,475
Available for sale	11,603	436	1,714	-	(1,307)	15,315
	25,075	439	1,714	-	(1,307)	28,790
<i>1 January to 30 September 2012</i> <i>(9 months) Unaudited</i>						
<i>Balance at 1 January 2012</i>	<i>Gain/(loss) through P&L</i>	<i>Gain/(loss) through OCI</i>	<i>Purchases</i>	<i>Sales</i>	<i>Transfers from/(to) levels 1 & 2</i>	<i>Balance at 30 September 2012</i>
Other investments						
Held at FVTPL	14,381	2	-	-	-	14,383
Available for sale	88,954	(6,188)	(4,485)	6,611	(69,894)	14,998
	103,335	(6,186)	(4,485)	6,611	(69,894)	29,381

Gains and losses on level 3 financial instruments included in the consolidated statement of income for the period are detailed as follows:

	<i>1 January to 30 September 2013 (9 months) Unaudited</i>	<i>1 January to 30 September 2012 (9 months) Unaudited</i>
Other investments		
Realised gains/(losses)	436	(1,033)
Unrealised gains/(losses)	3	(5,153)
	439	(6,186)

Impact on fair value of level 3 financial assets measured at fair value of changes to key assumptions

The following table shows the impact on the fair value of level 3 instruments of using reasonably possible alternative assumptions by class of instrument:

<i>30 September 2013</i> <i>Unaudited</i>		<i>30 September 2012</i> <i>Unaudited</i>	
<i>Carrying amount</i>	<i>Effect of reasonably possible alternative assumptions</i>	<i>Carrying amount</i>	<i>Effect of reasonably possible alternative assumptions</i>
Other investments			
Held at fair value through profit or loss	13,475	14,383	3,595
Available for sale	15,315	14,998	3,000
	28,790	29,381	6,595

In order to determine reasonably possible alternative assumptions the Group adjusted key unobservable models inputs as follows:

- For debt securities, the Group adjusted the probability of default and loss given default assumptions by increasing and decreasing the fair value of the instrument by 25%.
- For fund investments, the Group adjusted the liquidity discount rate assumptions used in the valuation model within a range of reasonably possible alternatives. The extent of the adjustment varied according to the characteristics of each investment.

The fair values of the Group's financial instruments are not materially different from their carrying values.

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

4. 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.

5. LOANS, ADVANCES AND FINANCE LEASES

Loans, advances and finance leases comprise the following:

	<i>30 September 2013 Unaudited</i>	<i>31 December 2012 Audited</i>
Loans and advances	734,616	528,465
Margin lending	18,210	33,917
Finance leases	92,568	-
	<u>845,394</u>	<u>562,382</u>

(a) Loans and advances

	<i>30 September 2013 Unaudited</i>	<i>31 December 2012 Audited</i>
Total loans and advances	801,467	586,705
Less: Cumulative allowance for impairment	(48,991)	(40,040)
Less: Interest in suspense	(17,860)	(18,200)
	<u>734,616</u>	<u>528,465</u>

(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 30 September 2013, these underlying securities were valued at 101,002 (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 60,892 (31 December 2012 – 80,427).

(c) Finance Leases

	<i>30 September 2013 Unaudited</i>	<i>31 December 2012 Audited</i>
Current finance lease receivables	34,931	-
Non-current finance lease receivables	57,637	-
	<u>92,568</u>	<u>-</u>

Leasing arrangements – the Group as lessor

The Group entered into finance lease arrangements to lease out certain of its equipment to its customers. The average term of finance leases entered into is between 2 to 3 years.

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

5. LOANS, ADVANCES AND FINANCE LEASES - continued**(c) Finance Leases - continued**

	<i>Minimum lease payments</i>		<i>Present value of minimum lease payments</i>	
	<i>30 September 2013</i>	<i>31 December 2012</i>	<i>30 September 2013</i>	<i>31 December 2012</i>
	<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>	<i>Audited</i>
Not later than one year	45,796	-	34,931	-
Later than one year and not later than five years	64,182	-	57,637	-
	<u>109,978</u>	<u>-</u>	<u>92,568</u>	<u>-</u>
Less: unearned finance income	(17,410)	-	-	-
	<u>92,568</u>	<u>-</u>	<u>92,568</u>	<u>-</u>

Unguaranteed residual values of assets leased under finance leases at the end of the reporting period are estimated at nil.

The interest rate inherent in the leases is fixed at the contract date for the entire lease term.

The finance lease receivables at the end of the reporting period are neither past due nor impaired.

6. INVESTMENTS IN SHUAA MANAGED FUNDS

Investments in SHUAA managed funds consist of the following:

	<i>30 September 2013</i>	<i>31 December 2012</i>
	<i>Unaudited</i>	<i>Audited</i>
Held at fair value through profit or loss	129,072	93,697
Associates	65,759	71,116
	<u>194,831</u>	<u>164,813</u>

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 27.5% (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)

7. INVESTMENTS IN THIRD PARTY ASSOCIATES

The Group has the following investments in third party associates:

	<i>30 September 2013 Unaudited</i>	<i>31 December 2012 Audited</i>
U.A.E.	63,321	65,321
Other G.C.C.	21,748	26,725
	85,069	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.

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 2012: 49.0%) of Septeck 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 that was licensed by the Central Bank of Qatar to conduct investment banking and asset management activities in Qatar. Amwal is currently under liquidation and therefore 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.

8. OTHER INVESTMENTS

Other investments comprise the following:

	<i>30 September 2013 Unaudited</i>	<i>31 December 2012 Audited</i>
Investments held at fair value through profit or loss	17,333	28,760
Investments available for sale	15,357	14,588
Investments held to maturity	7,519	7,519
	40,209	50,867

a) Investments held at fair value through profit or loss

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

	<i>30 September 2013 Unaudited</i>	<i>31 December 2012 Audited</i>
Fund investments	3,799	5,056
Equity securities	34	34
Fixed income securities	13,500	23,670
	17,333	28,760

Fixed income securities

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

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

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

Investments available for sale comprise the following:

	<i>30 September 2013 Unaudited</i>	<i>31 December 2012 Audited</i>
Equity investments	2,911	2,985
Unquoted fund investments	12,446	11,603
	<u>15,357</u>	<u>14,588</u>

c) Investments held to maturity

Investments held to maturity comprise the following:

	<i>30 September 2013 Unaudited</i>	<i>31 December 2012 Audited</i>
Fixed income securities	7,519	7,519
	<u>7,519</u>	<u>7,519</u>

9. DUE TO BANKS

Due to banks comprise borrowings obtained from commercial banks in the ordinary course of business against the Group's established credit lines with those banks.

	<i>30 September 2013 Unaudited</i>	<i>31 December 2012 Audited</i>
Repayable within twelve months	154,202	82,986
Repayable after twelve months	77,792	53,333
	<u>231,994</u>	<u>136,319</u>

The Group's banking facilities carry EIBOR based floating interest rates plus a spread ranging between 3.0% and 4.8%.

At 30 September 2013, letters of guarantee on behalf of the Group amounting to 66,741 (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.

10. TREASURY SHARES

The Group held the following treasury shares at 30 September 2013:

	<i>30 September 2013 Unaudited</i>	<i>31 December 2012 Audited</i>
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	2,975	1,922

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

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

11. EMPLOYEE LONG TERM INCENTIVE PLAN SHARES

The following employee long term incentive plan shares were held in trust at 30 September 2013:

	30 September 2013 Unaudited	31 December 2012 Audited
Number of shares	36,234,681	31,598,004
Shares as percentage of total shares in issue	3.4%	3.0%
Cost of shares	90,025	86,603
Market value of shares	30,799	17,347

During the period, the Company acquired 4,636,677 additional employee long term incentive plan shares for 3,422.

During the period, the Company cancelled its existing stock option plan and replaced it with a new long term incentive plan (LTIP). Subject to achieving a list of Key Performance Indicators, a maximum of 40.5 million shares would be granted to senior staff over a period of 4 years.

12. INVESTMENT REVALUATION RESERVE

	1 January to 30 September 2013 (9 months) Unaudited	1 January to 30 September 2012 (9 months) Unaudited
Available for sale investments		
Balance at beginning of the period	544	5,609
Realised during the period	-	7,384
Net movement in fair values during the period	1,643	(12,437)
Balance at end of the period	2,187	556
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	(536)	223
Balance at end of the period	-	1,417
Total investment revaluation reserve	2,187	1,973

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

Gains and losses from SHUAA managed funds comprise the following:

	1 January to 30 September 2013 (9 months) Unaudited	1 January to 30 September 2012 (9 months) Unaudited
Funds held at fair value through profit or loss	35,375	14,515
Investments available for sale	-	2,505
Associates	(7,710)	(957)
	27,665	16,063

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

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

Gains and losses from other investments are detailed as follows:

	<i>1 January to 30 September 2013 (9 months) Unaudited</i>	<i>1 January to 30 September 2012 (9 months) Unaudited</i>
Third party associates	(4,335)	5,202
Other investments		
Held at fair value through profit or loss	(126)	2,393
Available for sale		
- Net gain and loss on disposals	436	16,464
- Impairment	-	(13,688)
	(4,025)	10,371

15. EARNINGS PER SHARE

Basic earnings/ (losses) per share have been computed using the net loss attributable to the ordinary equity holders of the Parent (959) (30 September 2012: (38,326)) divided by the weighted average number of ordinary shares outstanding 1,061,500,000 (30 September 2012: 1,061,500,000).

Diluted earnings per share as of 30 September 2013 and 30 September 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.

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:

	<i>30 September 2013 Unaudited</i>	<i>31 December 2012 Audited</i>
Receivables and other debit balances		
Associates	84	381
Other related parties	30	268
Loans and advances		
Associates	13,295	14,614
Key management personnel	158	204
Investments in SHUAA managed funds	194,831	164,813
	208,398	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.

	<i>30 September 2013 Unaudited</i>	<i>31 December 2012 Audited</i>
Payables and other credit balances		
Other related parties	3,632	-

16. RELATED PARTY TRANSACTIONS - continued

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

	<i>1 January to 30 September 2013 (9 months) Unaudited</i>	<i>1 January to 30 September 2012 (9 months) Unaudited</i>
Interest income		
Associates	-	2,012
Other related parties	-	97
Gains/(losses) from investments in SHUAA managed funds		
Associates	(7,710)	(957)
Other related parties	35,375	17,020
Fees and commission income		
Other related parties	1,650	2,425
	<u>29,315</u>	<u>20,597</u>

Compensation of the key management personnel is as follows:

	<i>1 January to 30 September 2013 (9 months) Unaudited</i>	<i>1 January to 30 September 2012 (9 months) Unaudited</i>
Short term employee benefits	(16,182)	(12,190)
Termination benefits	(667)	(292)
Share based payments charge	(7,052)	(407)
	<u>(23,901)</u>	<u>(12,889)</u>

17. SEGMENTAL INFORMATION

For management purposes the Group is organised into seven 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.

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

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 Corporation and Gulf Installments Company, which are primarily engaged in asset-based lending with a primary focus on Small and Medium Enterprises finance.

17. SEGMENTAL INFORMATION - continued

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. Credit also provides debt advisory services including structuring and execution of innovative liquidity and financing solutions for regional corporate clients and family businesses. Credit business is still in its start-up phase.

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 30 September 2013 (9 months) Unaudited							
	Asset Management	Investment Banking	Capital Markets	Brokerage	Lending	Credit	Corporate	Total
Interest income	164	296	761	-	70,927	-	4,768	76,916
Net fees and commissions	15,108	4,763	4,906	249	2,934	-	334	28,294
Trading income	-	-	915	-	-	-	502	1,417
Gains from investments in SHUAA managed funds	-	-	-	-	-	-	27,665	27,665
Total revenues	15,272	5,059	6,582	249	73,861	-	33,269	134,292
General & administrative expenses	(6,133)	(5,390)	(4,550)	(3,191)	(36,667)	(6,231)	(50,900)	(113,062)
Interest expenses	-	-	-	-	(5,913)	-	(118)	(6,031)
Depreciation	-	-	-	(36)	(2,845)	-	(1,520)	(4,401)
Provisions - net	-	352	-	5,809	(20,893)	-	7,008	(7,724)
Total expenses	(6,133)	(5,038)	(4,550)	2,582	(66,318)	(6,231)	(45,530)	(131,218)
Net profit/(loss) before losses from other investments	9,139	21	2,032	2,831	7,543	(6,231)	(12,261)	3,074
Losses from other investments	-	-	-	-	-	-	(4,025)	(4,025)
Profit/(loss) for the period	9,139	21	2,032	2,831	7,543	(6,231)	(16,286)	(951)
Attributable to:								
Non controlling interests	-	-	-	(3)	-	-	11	8
Equity holders of the parent	9,139	21	2,032	2,834	7,543	(6,231)	(16,297)	(959)

	30 September 2013 Unaudited							
	Asset Management	Investment Banking	Capital Markets	Brokerage	Lending	Credit	Corporate	Total
Assets	8,032	3,636	4,775	17,234	945,305	-	500,918	1,479,900
Liabilities	15	-	4,775	698	286,898	-	79,116	371,502

SHUAA Capital psc**Notes to the Interim Condensed Consolidated Financial Information**
For the period ended 30 September 2013

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

17. SEGMENTAL INFORMATION - continued

1 January 2012 to 30 September 2012 (9 months) Unaudited								
	Asset Management	Investment Banking	Capital Markets	Brokerage	Lending	Credit	Corporate	Total
Interest income	216	-	993	1	53,582	-	9,644	64,436
Net fees and commissions	13,586	4,269	4,048	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	4,269	5,079	6,771	55,643	-	26,567	112,131
General & administrative expenses	(14,324)	(7,607)	(2,700)	(14,455)	(29,464)	(2,206)	(66,764)	(137,520)
Interest expenses	-	-	-	-	(5,626)	-	(3,734)	(9,360)
Depreciation	-	-	-	(196)	(2,050)	-	(3,316)	(5,562)
Provisions	167	40	171	9,730	(9,827)	(318)	(7,596)	(7,633)
Total expenses	(14,157)	(7,567)	(2,529)	(4,921)	(46,967)	(2,524)	(81,410)	(160,075)
Net (loss)/profit before gains from other investments	(355)	(3,298)	2,550	1,850	8,676	(2,524)	(54,843)	(47,944)
Gains from other investments	5	-	-	(40)	-	-	10,406	10,371
(Loss)/profit for the period	(350)	(3,298)	2,550	1,810	8,676	(2,524)	(44,437)	(37,573)
Attributable to:								
Non controlling interests	-	-	-	(33)	-	-	786	753
Equity holders of the parent	(350)	(3,298)	2,550	1,843	8,676	(2,524)	(45,223)	(38,326)
31 December 2012 Audited								
	Asset Management	Investment Banking	Capital Markets	Brokerage	Lending	Credit	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 30 September 2012 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 2013

(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	144,157	50,354	1,813	4,975	273	-	201,572
Receivables and other debit balances	35,067	3,699	2,633	31	3,409	547	45,386
Loans, advances and finance leases	730,796	101,276	13,321	-	-	1	845,394
Investments in SHUAA managed funds	51,092	143,739	-	-	-	-	194,831
Investments in third party associates	63,320	21,749	-	-	-	-	85,069
Other investments	1,221	33,451	1,727	3,047	763	-	40,209
Property and equipment	32,351	859	118	-	-	-	33,328
Goodwill	34,111	-	-	-	-	-	34,111
Total Assets - 30 September 2013	1,092,115	355,127	19,612	8,053	4,445	548	1,479,900
Total Assets - 31 December 2012	1,052,936	291,046	22,277	6,525	2,217	20	1,375,021
Total Assets – 30 September 2012	1,014,447	367,839	24,452	15,970	2,429	-	1,425,137

19. MATURITY PROFILE

The maturity profile of assets and liabilities as of 30 September 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	180,072	21,500	201,572	-	-	201,572
Receivables and other debit balances	27,532	13,953	41,485	3,901	-	45,386
Loans, advances and finance leases	150,975	190,254	341,229	504,165	-	845,394
Investments in SHUAA managed funds*	-	51,092	51,092	143,739	-	194,831
Investments in third party associates*	-	57,270	57,270	27,799	-	85,069
Other investments*	-	14,244	14,244	25,965	-	40,209
Property and equipment*	-	-	-	33,328	-	33,328
Goodwill*	-	-	-	-	34,111	34,111
Total Assets	358,579	348,313	706,892	738,897	34,111	1,479,900
Due to banks	111,160	43,042	154,202	77,792	-	231,994
Payables and other credit balances	97,586	35,033	132,619	6,889	-	139,508
Equity	-	-	-	-	1,108,398	1,108,398
Total Liabilities and Equity	208,746	78,075	286,821	84,681	1,108,398	1,479,900
Net liquidity gap	149,833	270,238	420,071	654,216	(1,074,287)	-
Cumulative liquidity gap	149,833	420,071	420,071	1,074,287	-	-

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

20. OPERATING LEASE ARRANGEMENTS*Leasing arrangement – the Group as Lessor*

Operating leases mainly relates to the equipment owned by the Group with lease terms of three years. The lessees have an option to purchase the equipment at the expiry of the lease period.

Rental income earned by the Group from its equipment, depreciation charge and other operating expenses arising on equipment for the period are included in fee income, depreciation and general and administrative expenses respectively.

Operating lease receivables:

	30 September 2013 Unaudited	31 December 2012 Audited
Not later than 1 year	3,159	-
Later than 1 year and not longer than 5 years	5,781	-
	8,940	-

21. COMMITMENTS AND CONTINGENT LIABILITIES

The Group had the following outstanding commitments and contingent liabilities:

	30 September 2013 Unaudited	31 December 2012 Audited
Contingent liabilities	48,875	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.

	30 September 2013 Unaudited	31 December 2012 Audited
Commitments		
SHUAA managed funds	69,403	71,753

22. DERIVATIVE FINANCIAL INSTRUMENTS

	30 September 2013 Unaudited			31 December 2012 Audited		
	Positive fair value	Negative fair value	Notional Amount	Positive fair value	Negative fair value	Notional Amount
Held at fair value through profit or loss	4,775	(4,775)	66,074	-	-	-

Derivatives with positive fair value and negative fair value are included in 'receivables and other debit balances' and 'payables and other credit balances' respectively. These instruments are executed at the request of clients of the Group and are back to back arrangement.

23. 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 2013, clients' assets amounting to 2.5 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 the retail brokerage activity.