

SHUAA Capital PSC

INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION AND REVIEW REPORT
FOR THE SIX MONTH PERIOD ENDED
30 JUNE 2014

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 June 2014 and the related interim consolidated statements of income, comprehensive income, cash flows and changes in equity for the period from 1 January 2014 to 30 June 2014, 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 the 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

5 August 2014

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

As at 30 June 2014

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

		30 June 2014 Unaudited	31 December 2013 Audited	30 June 2013 Unaudited
	<i>Notes</i>			
Assets				
Cash and deposits with banks	4	229,377	189,471	241,256
Receivables and other debit balances		22,559	24,064	23,361
Loans, advances and finance leases	5	829,076	856,756	730,915
Investments in SHUAA managed funds	6	210,674	211,908	182,705
Investments in third party associates	7	69,303	89,100	87,443
Other investments	8	27,371	36,472	40,258
Property and equipment		44,072	47,422	29,701
Goodwill		34,111	34,111	34,111
Total Assets		1,466,543	1,489,304	1,369,750
Liabilities				
Due to banks	9	217,938	258,181	137,210
Payables and other credit balances		114,097	117,671	127,406
Total Liabilities		332,035	375,852	264,616
Equity				
Share capital		1,065,000	1,065,000	1,065,000
Treasury shares	10	-	(14,458)	(14,458)
Employee long term incentive plan shares	11	(36,896)	(95,772)	(86,603)
Statutory reserve		198,277	198,277	197,994
Accumulated losses		(94,066)	(41,965)	(58,977)
Investment revaluation reserve	12	2,196	2,140	1,975
Translation reserve		(229)	(309)	(318)
Equity attributable to the shareholders of the Parent		1,134,282	1,112,913	1,104,613
Non controlling interests		226	539	521
Total Equity		1,134,508	1,113,452	1,105,134
Total Liabilities and Equity		1,466,543	1,489,304	1,369,750

The interim condensed consolidated financial information was approved by the Board of Directors on 5 August 2014.



Maktoum H. Al Maktoum
Executive Chairman



Houssem Ben Haj Amor
General Manager & CFO

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

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

For the period ended 30 June 2014

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

	<i>Notes</i>	<i>1 April to 30 June 2014 (3 months) Unaudited</i>	<i>1 January to 30 June 2014 (6 months) Unaudited</i>	<i>1 April to 30 June 2013 (3 months) Unaudited</i>	<i>1 January to 30 June 2013 (6 months) Unaudited</i>
Interest income		31,988	62,683	25,187	47,607
Net fees and commissions		19,042	34,805	9,694	16,404
Trading income/(loss)		(2)	(41)	(31)	(31)
Gains from investments in SHUAA managed funds - net	13	1,001	18,766	8,504	15,540
Total revenues		52,029	116,213	43,354	79,520
General and administrative expenses		(34,543)	(73,405)	(37,943)	(75,620)
Interest expense		(3,436)	(7,613)	(1,584)	(3,296)
Depreciation		(1,598)	(3,286)	(1,443)	(2,715)
Provisions - net		(7,739)	(10,730)	(273)	1,236
Total expenses		(47,316)	(95,034)	(41,243)	(80,395)
Net profit/(loss) before gains/(losses) from other investments		4,713	21,179	2,111	(875)
Gains/(losses) from other investments, including third party associates	14	1,472	(6,743)	(785)	(3,699)
Profit/(loss) for the period		6,185	14,436	1,326	(4,574)
Attributable to:					
Equity holders of the Parent		6,189	14,432	1,325	(4,577)
Non controlling interests		(4)	4	1	3
		6,185	14,436	1,326	(4,574)
Earnings/(loss) per share (in AED)	15	0.006	0.014	0.001	(0.004)

The attached notes 1 to 22 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 June 2014

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

	1 April to 30 June 2014 (3 months) Unaudited	1 January to 30 June 2014 (6 months) Unaudited	1 April to 30 June 2013 (3 months) Unaudited	1 January to 30 June 2013 (6 months) Unaudited
Profit/(loss) for the period	6,185	14,436	1,326	(4,574)
Other comprehensive income				
<i>Items that will be reclassified subsequently to profit or loss:</i>				
Net revaluation reserve movement on:				
- Other investments	(5)	56	(108)	1,431
Share of other comprehensive income of associates	-	-	(443)	(536)
Exchange differences on translation of foreign operations	10	80	(8)	(16)
Other comprehensive income/(loss) for the period	5	136	(559)	879
Total comprehensive income/(loss) for the period	6,190	14,572	767	(3,695)
Attributable to:				
Equity holders of the Parent	6,194	14,568	765	(3,698)
Non controlling interests	(4)	4	2	3
	6,190	14,572	767	(3,695)

The attached notes 1 to 22 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 June 2014

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

	<i>1 January to 30 June 2014 (6 months) Unaudited</i>	<i>1 January to 30 June 2013 (6 months) Unaudited</i>
Cash flows from operating activities		
Profit/(loss) for the period	14,436	(4,574)
Adjustments for:		
Depreciation	3,286	2,715
Gains on investments in SHUAA managed funds	(18,766)	(15,540)
Losses from other investments, including third party associates	6,637	3,699
Share based payments charge	3,211	3,187
Provisions - net	10,730	(1,236)
Operating cash flows before changes in operating assets and liabilities	19,534	(11,749)
Changes in operating assets and liabilities:		
Decrease/(increase) in receivables and other debit balances	7,595	(1,784)
Decrease/(increase) in loans, advances and finance leases	11,371	(167,551)
Decrease in payables and other credit balances	(451)	(9,039)
Net redemption/(acquisition) of SHUAA managed funds	20,000	(2,350)
Net cash generated from/ (used in) operating activities	58,049	(192,473)
Cash flows from investing activities		
Net proceeds from other investments	739	12,299
Capital distribution from associate	17,926	3,720
Acquisition of non controlling interests	(211)	-
Net sale/(purchase) of property and equipment	64	(6,500)
Net cash generated from investing activities	18,518	9,519
Cash flows from financing activities		
(Decrease)/increase in due to banks	(40,243)	891
Proceeds from sale of treasury shares	3,590	-
Net cash (used in)/ generated from financing activities	(36,653)	891
Net increase/(decrease) in cash and cash equivalents	39,914	(182,063)
Foreign currency translation	(8)	2
Cash and cash equivalents at beginning of the period	189,471	423,317
Cash and cash equivalents at end of the period	229,377	241,256

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 June 2014

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

	Equity attributable to shareholders of the Parent							Non controlling interests	Total
	Share capital	Treasury shares	Employee long term incentive plan shares	Statutory reserve	Accumulated losses	Investment revaluation reserve	Translation reserve		
Balance as of 1 January 2013 (Audited)	1,065,000	(14,458)	(86,603)	197,994	(57,587)	1,080	(302)	518	1,105,642
Total comprehensive loss for the period	-	-	-	-	(4,577)	895	(16)	3	(3,695)
Share based payments charge	-	-	-	-	3,187	-	-	-	3,187
Balance as of 30 June 2013 (Unaudited)	1,065,000	(14,458)	(86,603)	197,994	(58,977)	1,975	(318)	521	1,105,134

	Equity attributable to shareholders of the Parent							Non controlling interests	Total
	Share capital	Treasury shares	Employee long term incentive plan shares	Statutory reserve	Accumulated losses	Investment revaluation reserve	Translation reserve		
Balance as of 1 January 2014 (Audited)	1,065,000	(14,458)	(95,772)	198,277	(41,965)	2,140	(309)	539	1,113,452
Total comprehensive income for the period	-	-	-	-	14,432	56	80	4	14,572
Share based payments charge	-	-	-	-	3,211	-	-	-	3,211
Acquisition of non controlling interest	-	-	-	-	-	-	-	(317)	(317)
Net movement in employee long term incentive plan shares	-	-	58,876	-	(58,876)	-	-	-	-
Sale of treasury shares	-	14,458	-	-	(10,868)	-	-	-	3,590
Balance as of 30 June 2014 (Unaudited)	1,065,000	-	(36,896)	198,277	(94,066)	2,196	(229)	226	1,134,508

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 June 2014

(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 the Central Bank Board of Directors Resolution 164/8/94 and as a financial and monetary intermediary pursuant to the 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 the 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 June 2014 are as follows:

Name	Country of incorporation	Principal activities	Holding 30 June 2014	Holding 31 December 2013
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	100.0%	99.6%
SHUAA Securities Egypt SAE	Egypt	Brokerage	100.0%	100.0%
Asia for Economic Consultancy LLC	Jordan	Consultancy	94.3%	94.3%

*During the period, the Company acquired additional 0.4% stake in SHUAA Capital Saudi Arabia for 211. With this acquisition, the Group now owns 100% stake in this subsidiary.

2. SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial information of the Group has been prepared in accordance with IAS 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 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 2013, except for the adoption of new standards and interpretations effective as of 1 January 2014, 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 32	<i>Amendments to IAS 32 Financial Instruments: Presentation</i>
IAS 36	<i>Amendments to IAS 36 Impairment of Assets: Recoverable amount disclosures</i>
IAS 39	<i>Amendments to IAS 39 Financial Instruments: Recognition and Measurement, Novation of Derivatives and Continuation of Hedge Accounting</i>
IFRS 10, IFRS 12 & IAS 27	<i>Guidance on Investment Entities</i>

The Group has not applied any of the new and revised IFRS 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 financial 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 June 2014

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

2. SIGNIFICANT ACCOUNTING POLICIES - continued

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 2013. In addition, results for the six month period ended 30 June 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014.

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 2013.

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 six month periods ended 30 June 2014 and 30 June 2013.

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:

<i>30 June 2014</i>				
<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	-	144,209	-	144,209
Other investments				
Held at fair value through profit or loss	304	2,044	6,996	9,344
Available for sale	-	41	14,313	14,354
	304	146,294	21,309	167,907
<i>31 December 2013</i>				
<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	-	145,807	-	145,807
Other investments				
Held at fair value through profit or loss	-	2,318	12,233	14,551
Available for sale	-	42	15,268	15,310
	-	148,167	27,501	175,668

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.

Notes to the Interim Condensed Consolidated Financial Information

For the period ended 30 June 2014

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

3. FAIR VALUE OF FINANCIAL INSTRUMENTS - continuedHeld 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 and unquoted securities and 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 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.

Movements in level 3 financial assets measured at fair value

During the period, there were no transfers between levels 1 through level 3.

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

1 January to 30 June 2014						
(6 months) Unaudited						
Balance at 1 January 2014	Gain/(loss) through P&L	Gain/(loss) through OCI	Purchases	Sales	Transfers from/(to) levels 1 & 2	Balance at 30 June 2014
Other investments						
Held at FVTPL	12,233	(5,237)	-	-	-	6,996
Available for sale	15,268	(577)	18	-	(396)	14,313
	27,501	(5,814)	18	-	(396)	21,309

1 January to 30 June 2013						
(6 months) Unaudited						
Balance at 1 January 2013	Gain/(loss) through P&L	Gain/(loss) through OCI	Purchases	Sales	Transfers from/(to) levels 1 & 2	Balance at 30 June 2013
Other investments						
Held at FVTPL	13,472	2	-	-	-	13,474
Available for sale	11,603	436	1,502	-	(1,307)	15,103
	25,075	438	1,502	-	(1,307)	28,577

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

	1 January to 30 June 2014 (6 months) Unaudited	1 January to 30 June 2013 (6 months) Unaudited
Other investments		
Realised gains/(losses)	-	436
Unrealised gains/(losses)	(5,814)	2
	<u>(5,814)</u>	<u>438</u>

3. FAIR VALUE OF FINANCIAL INSTRUMENTS - continued**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:

	30 June 2014		30 June 2013	
	Unaudited		Unaudited	
	<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	6,996	1,749	13,474	3,369
Available for sale	14,313	2,863	15,103	3,021
	21,309	4,612	28,577	6,390

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 and equity 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.

4. CASH AND DEPOSITS WITH BANKS

Cash and deposits with banks include a fixed deposit of 21,500 (31 December 2013 – 21,500) with a local bank, which is held as collateral for the Central Bank of the U.A.E guarantee.

5. LOANS, ADVANCES AND FINANCE LEASES

Loans, advances and finance leases comprise the following:

	30 June 2014	31 December 2013
	Unaudited	Audited
Loans and advances	676,110	724,757
Finance leases	121,878	102,984
Margin lending	31,088	29,015
	829,076	856,756

(a) Loans and advances

	30 June 2014	31 December 2013
	Unaudited	Audited
Total loans and advances	726,967	789,412
Less: Cumulative allowance for impairment	(44,503)	(51,603)
Less: Interest in suspense	(6,354)	(13,052)
	676,110	724,757

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

	30 June 2014 Unaudited	31 December 2013 Audited
Current finance lease receivables	60,423	43,083
Non-current finance lease receivables	62,715	60,106
Less: Allowances for uncollectible lease payments	(1,260)	(205)
	<u>121,878</u>	<u>102,984</u>

(c) 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 June 2014, these underlying securities were valued at 263,698 (31 December 2013 – 157,965). Provisions are made for the uncovered portion of margins. As at the end of the period, the cumulative provision is 53,935 (31 December 2013 – 57,575).

6. INVESTMENTS IN SHUAA MANAGED FUNDS

Investments in SHUAA managed funds consist of the following:

	30 June 2014 Unaudited	31 December 2013 Audited
Held at fair value through profit or loss	144,209	145,807
Associates	66,465	66,101
	<u>210,674</u>	<u>211,908</u>

Held at fair value through profit or loss

During the period, the Group redeemed 20,000 from one of its investments in the SHUAA managed funds.

Associates

The Group owns 28.8% (31 December 2013: 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 2013: 27.5%) of SHUAA Saudi Hospitality Fund I, a closed ended investment fund regulated by the Capital Markets Authority in Kingdom of 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 37.3% (31 December 2013: 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:

	30 June 2014 Unaudited	31 December 2013 Audited
U.A.E.	69,303	69,303
Other G.C.C.	-	19,797
	69,303	89,100

City Engineering LLC

The Group owns 40.0% (31 December 2013: 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 2013: 49.0%) of Septech Holding Limited. The recoverable amount of this asset has been determined based on equity accounting.

Amwal QCSC

During the period, the Group received 21,558 as final distribution from the liquidation of this entity. Prior to liquidation the Group owned 46.7% (31 December 2013: 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.

8. OTHER INVESTMENTS

Other investments comprise of the following:

	30 June 2014 Unaudited	31 December 2013 Audited
Investments held at fair value through profit or loss	9,344	14,551
Investments available for sale	14,354	15,310
Investments held to maturity	3,673	6,611
	27,371	36,472

a) Investments held at fair value through profit or loss

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

	30 June 2014 Unaudited	31 December 2013 Audited
Fund investments	1,992	2,259
Equity securities	331	34
Fixed income securities	7,021	12,258
	9,344	14,551

Notes to the Interim Condensed Consolidated Financial Information

For the period ended 30 June 2014

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

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

Investments available for sale comprise of the following:

	30 June 2014 Unaudited	31 December 2013 Audited
Equity investments	2,910	2,911
Unquoted fund investments	11,444	12,399
	14,354	15,310

c) Investments held to maturity

Investments held to maturity comprise of the following:

	30 June 2014 Unaudited	31 December 2013 Audited
Fixed income securities	3,673	6,611

9. DUE TO BANKS

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

	30 June 2014 Unaudited	31 December 2013 Audited
Repayable within twelve months	156,557	176,598
Repayable after twelve months	61,381	81,583
	217,938	258,181

The Group's banking facilities carry EIBOR/SIBOR based floating interest/profit rates plus a spread ranging between 3.0% and 4.8%. Further, above include facilities of 100 million which are rolled over annually.

At 30 June 2014, letters of guarantee on behalf of the Group amounting to 63,782 (31 December 2013: 63,782) 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 nil treasury shares at 30 June 2014:

	30 June 2014 Unaudited	31 December 2013 Audited
Number of treasury shares	-	3,500,000
Treasury share as percentage of total shares in issue	-	0.3%
Cost of treasury shares	-	14,458
Market value of treasury shares	-	3,605

During the period, all treasury shares were sold for AED 3,590. The difference between the cost and sale proceeds was adjusted against the accumulated losses.

(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 June 2014:

	30 June 2014 Unaudited	31 December 2013 Audited
Number of shares	16,218,004	42,098,004
Shares as percentage of total shares in issue	1.5%	4.0%
Cost of shares	36,896	95,772
Market value of shares	16,542	43,361

During the period, 25,880,000 shares vested. Consequently, the weighted average cost of these shares amounting to 58,876 was transferred to accumulated losses.

12. INVESTMENT REVALUATION RESERVE

	1 January to 30 June 2014 (6 months) Unaudited	1 January to 30 June 2013 (6 months) Unaudited
Available for sale investments		
Balance at beginning of the period	2,140	544
Net movement in fair values during the period	56	1,431
Balance at end of the period	2,196	1,975
Group's share of investment revaluation reserves in associates		
Balance at beginning of the period	-	536
Net movement in fair values during the period	-	(536)
Balance at end of the period	-	-
Total investment revaluation reserve	2,196	1,975

13. GAINS FROM INVESTMENTS IN SHUAA MANAGED FUNDS - NET

Gains and losses from SHUAA managed funds comprise of the following:

	1 January to 30 June 2014 (6 months) Unaudited	1 January to 30 June 2013 (6 months) Unaudited
Funds held at fair value through profit or loss	18,402	23,748
Associates	364	(8,208)
	18,766	15,540

14. LOSSES FROM OTHER INVESTMENTS, INCLUDING THIRD PARTY ASSOCIATES

Losses and gains from other investments, including third party associates are detailed as follows:

	1 January to 30 June 2014 (6 months) Unaudited	1 January to 30 June 2013 (6 months) Unaudited
Third party associates	1,674	(3,961)
Other investments		
Held at fair value through profit or loss	(4,903)	(174)
Available for sale	(576)	436
Held to maturity	(2,938)	-
	(6,743)	(3,699)

15. EARNINGS PER SHARE

Basic earnings/ (losses) per share have been computed using the net profit/ (loss) attributable to the equity holders of the Parent 14,432 (30 June 2013: (4,577)) divided by the weighted average number of ordinary shares outstanding 1,065,000,000 (30 June 2013: 1,061,500,000).

Diluted earnings per share as of 30 June 2014 and 30 June 2013 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:

	30 June 2014 Unaudited	31 December 2013 Audited
Receivables and other debit balances		
Associates	180	107
Other related parties	202	169
Key management personnel	167	238
Loans and advances		
Associates	12,566	13,646
Investments in SHUAA managed funds	210,674	211,908
	223,789	226,068

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

	30 June 2014 Unaudited	31 December 2013 Audited
Payables and other credit balances		
Other related parties	-	3,632

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16. RELATED PARTY TRANSACTIONS - continued

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

	1 January to 30 June 2014 (6 months) Unaudited	1 January to 30 June 2013 (6 months) Unaudited
Gains/(losses) from investments in SHUAA managed funds		
Associates	364	(8,208)
Other related parties	18,402	23,748
Fees and commission income		
Other related parties	1,955	1,076
	20,721	16,616

Compensation of the key management personnel is as follows:

	1 January to 30 June 2014 (6 months) Unaudited	1 January to 30 June 2013 (6 months) Unaudited
Short term employee benefits	12,439	13,110
Share based payments charge	3,211	4,212
	15,650	17,322

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 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 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. 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.

Lending activities are conducted by Gulf Finance Corporation PJSC and Gulf Installments Company LLC, which are primarily engaged in asset-based 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.

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For the period ended 30 June 2014

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

17. SEGMENTAL INFORMATION - continued

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 2014 to 30 June 2014 (6 months) Unaudited						
	Asset Management	Investment Banking	Capital Markets	Lending	Corporate	Total
Interest income	115	-	959	59,565	2,044	62,683
Net fees and commissions	10,127	13,245	6,444	4,604	385	34,805
Trading income/(loss)	-	-	(44)	-	3	(41)
Gains from investments in SHUAA managed funds - net	-	-	-	-	18,766	18,766
Total revenues	10,242	13,245	7,359	64,169	21,198	116,213
General & administrative expenses	(2,959)	(5,755)	(4,346)	(22,009)	(38,336)	(73,405)
Interest expenses	-	(518)	-	(7,095)	-	(7,613)
Depreciation	-	-	(5)	(2,370)	(911)	(3,286)
Provisions - net	-	5,560	291	(18,316)	1,735	(10,730)
Total expenses	(2,959)	(713)	(4,060)	(49,790)	(37,512)	(95,034)
Net profit/(loss) before losses from other investments	7,283	12,532	3,299	14,379	(16,314)	21,179
Losses from other investments	-	-	-	-	(6,743)	(6,743)
Profit/(loss) for the period	7,283	12,532	3,299	14,379	(23,057)	14,436
Attributable to:						
Equity holders of the Parent	7,283	12,532	3,306	14,379	(23,068)	14,432
Non controlling interests	-	-	(7)	-	11	4
	7,283	12,532	3,299	14,379	(23,057)	14,436

30 June 2014 Unaudited						
	Asset Management	Investment Banking	Capital Markets	Lending	Corporate	Total
Assets	9,384	488	17,728	914,699	524,244	1,466,543
Liabilities	760	-	1,300	248,834	81,141	332,035

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

17. SEGMENTAL INFORMATION - continued

	1 January 2013 to 30 June 2013 (6 months) Unaudited					
	Asset Management	Investment Banking	Capital Markets	Lending	Corporate	Total
Interest income	104	73	492	43,575	3,363	47,607
Net fees and commissions	8,895	2,119	3,391	1,862	137	16,404
Trading income/(loss)	-	-	(31)	-	-	(31)
Gains from investments in SHUAA managed funds - net	-	-	-	-	15,540	15,540
Total revenues	8,999	2,192	3,852	45,437	19,040	79,520
General & administrative expenses	(4,571)	(2,778)	(5,804)	(25,331)	(37,136)	(75,620)
Interest expenses	-	-	-	(3,178)	(118)	(3,296)
Depreciation	-	-	(25)	(1,653)	(1,037)	(2,715)
Provisions - net	-	-	5,533	(11,598)	7,301	1,236
Total expenses	(4,571)	(2,778)	(296)	(41,760)	(30,990)	(80,395)
Net profit/(loss) before losses from other investments	4,428	(586)	3,556	3,677	(11,950)	(875)
Losses from other investments	-	-	-	-	(3,699)	(3,699)
Profit/(loss) for the period	4,428	(586)	3,556	3,677	(15,649)	(4,574)
Attributable to:						
Equity holders of the Parent	4,428	(586)	3,558	3,677	(15,654)	(4,577)
Non controlling interests	-	-	(2)	-	5	3
	4,428	(586)	3,556	3,677	(15,649)	(4,574)

	31 December 2013 Audited					
	Asset Management	Investment Banking	Capital Markets	Lending	Corporate	Total
Assets	7,456	4,157	15,860	941,843	519,988	1,489,304
Liabilities	20	-	832	285,556	89,444	375,852

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 June 2013 and 31 December 2013 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 June 2014

(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	178,451	40,301	4,298	6,250	77	-	229,377
Receivables and other debit balances	16,378	4,894	664	2	621	-	22,559
Loans, advances and finance leases	677,146	139,255	12,599	-	-	76	829,076
Investments in SHUAA managed funds	52,400	158,274	-	-	-	-	210,674
Investments in third party associates	69,303	-	-	-	-	-	69,303
Other investments	594	23,643	1,142	1,992	-	-	27,371
Property and equipment	43,472	515	85	-	-	-	44,072
Goodwill	34,111	-	-	-	-	-	34,111
Total Assets – 30 June 2014	1,071,855	366,882	18,788	8,244	698	76	1,466,543
Total Assets – 31 December 2013	1,100,834	353,731	28,002	5,775	407	555	1,489,304
Total Assets – 30 June 2013	1,028,838	307,633	20,708	11,075	1,496	-	1,369,750

19. MATURITY PROFILE

The maturity profile of assets and liabilities as of 30 June 2014, 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	206,106	21,900	228,006	1,371	-	229,377
Receivables and other debit balances	12,186	7,269	19,455	3,104	-	22,559
Loans, advances and finance leases	113,788	227,674	341,462	487,614	-	829,076
Investments in SHUAA managed funds*	-	52,400	52,400	158,274	-	210,674
Investments in third party associates*	-	12,810	12,810	56,493	-	69,303
Other investments*	331	23,605	23,936	3,435	-	27,371
Property and equipment*	-	-	-	44,072	-	44,072
Goodwill*	-	-	-	-	34,111	34,111
Total Assets	332,411	345,658	678,069	754,363	34,111	1,466,543
Due to banks	71,273	85,284	156,557	61,381	-	217,938
Payables and other credit balances	68,124	39,556	107,680	6,417	-	114,097
Equity	-	-	-	-	1,134,508	1,134,508
Total Liabilities and Equity	139,397	124,840	264,237	67,798	1,134,508	1,466,543
Net liquidity gap	193,014	220,818	413,832	686,565	(1,100,397)	-
Cumulative liquidity gap	193,014	413,832	413,832	1,100,397	-	-

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

20. COMMITMENTS AND CONTINGENT LIABILITIES

The Group had the following outstanding commitments and contingent liabilities:

	30 June 2014 Unaudited	31 December 2013 Audited
Contingent liabilities	1,837	9,920

Contingent liabilities mainly comprise of letter of credits and include guarantees issued which are regarded as unlikely to crystallise as a liability.

	30 June 2014 Unaudited	31 December 2013 Audited
Commitments		
SHUAA managed funds	69,403	69,403

21. DERIVATIVES

	30 June 2014 Unaudited			31 December 2013 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	621	(621)	40,047	112	(112)	64,690

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 arrangements.

22. 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 June 2014, clients' assets amounting to 3.5 billion (31 December 2013: 3.2 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.