SHUAA Capital PSC

INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION AND REVIEW REPORT
FOR THE THREE MONTH PERIOD ENDED
31 MARCH 2016

Deloitte.

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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 2016 and the related interim consolidated statements of income, comprehensive income, cash flows and changes in equity for the three month period then ended. The Directors of the Group are responsible for the preparation and presentation 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 prepared, in all material respects in accordance with IAS 34.

Deloitte & Touche (M.E.)

Anis Sadek
Partner
Registration No. 521

12 May 2016

Interim Consolidated Statement of Financial Position

As at 31 March 2016

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

	Notes	***31 March 2016 Unaudited***	*31 December 2015 Audited*	*31 March 2015 Unaudited*
Assets				
Cash and deposits with banks	4	**305,046**	262,674	235,673
Receivables and other debit balances		**39,714**	35,315	29,475
Loans, advances and finance leases	5	**907,442**	959,264	902,876
Investments in SHUAA managed funds	6	**165,717**	201,845	205,043
Investments in third party associates	7	**54,248**	54,248	65,870
Other investments	8	**28,279**	46,085	59,077
Property and equipment		**41,134**	40,623	46,024
Goodwill		**-**	-	34,111
Total Assets		**1,541,580**	1,600,054	1,578,149
Liabilities				
Due to banks	9	**426,650**	453,374	324,357
Payables and other credit balances		**183,939**	185,192	107,445
Total Liabilities		**610,589**	638,566	431,802
Equity				
Share capital		**1,065,000**	1,065,000	1,065,000
Employee long term incentive plan shares	10	**(10,790)**	(10,790)	(10,790)
Statutory reserve	21	**-**	200,861	200,861
Accumulated losses	21	**(122,856)**	(296,211)	(108,893)
Investment revaluation reserve	11	**(222)**	2,781	179
Translation reserve		**(216)**	(228)	(230)
Equity attributable to the shareholders of the Parent		**930,916**	961,413	1,146,127
Non controlling interests		**75**	75	220
Total Equity		**930,991**	961,488	1,146,347
Total Liabilities and Equity		**1,541,580**	1,600,054	1,578,149

The interim condensed consolidated financial information was approved by the Board of Directors on 12 May 2016.

Abdulrahman Al Hareb
Chairman

Houssem Ben Haj Amor
General Manager

Interim Consolidated Statement of Income

For the period ended 31 March 2016

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

	Notes	***1 January to 31 March 2016 (3 months) Unaudited***	*1 January to 31 March 2015 (3 months) Unaudited*
Interest income		**38,815**	33,049
Net fees and commissions		**14,375**	9,635
Trading income		**124**	371
(Losses)/gains from investments in SHUAA managed funds	12	**(7,846)**	985
Total revenues		**45,468**	44,040
General and administrative expenses		**(33,004)**	(31,815)
Interest expense		**(7,437)**	(3,976)
Depreciation		**(2,432)**	(2,227)
Provisions - net		**(34,070)**	(6,240)
Total expenses		**(76,943)**	(44,258)
Net loss before gains/(losses) from other investments		**(31,475)**	(218)
Gains/(losses) from other investments, including investments in third party associates	13	**3,969**	(1,353)
Loss for the period		**(27,506)**	(1,571)
Attributable to:			
Equity holders of the Parent		**(27,506)**	(1,568)
Non controlling interests		**-**	(3)
		(27,506)	(1,571)
Loss per share (in AED)	14	**(0.026)**	(0.001)

The attached notes 1 to 21 form an integral part of this interim condensed consolidated financial information.

Interim Consolidated Statement of Comprehensive Income

For the period ended 31 March 2016

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

	1 January to 31 March 2016 (3 months) Unaudited	*1 January to 31 March 2015 (3 months) Unaudited*
Loss for the period	**(27,506)**	(1,571)
Other comprehensive income/(loss)		
Items that will be reclassified subsequently to profit or loss:		
Net revaluation reserve movement on:		
- other investments	**(2,781)**	(17)
- investments in SHUAA managed funds	**(222)**	-
Exchange differences on translation of foreign operations	**12**	(11)
Other comprehensive loss for the period	**(2,991)**	(28)
Total comprehensive loss for the period	**(30,497)**	(1,599)
Attributable to:		
Equity holders of the Parent	**(30,497)**	(1,594)
Non controlling interests	**-**	(5)
	(30,497)	(1,599)

The attached notes 1 to 21 form an integral part of this interim condensed consolidated financial information.

Interim Consolidated Statement of Cash Flows

For the period ended 31 March 2016

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

	Notes	***1 January to 31 March 2016 (3 months) Unaudited***	*1 January to 31 March 2015 (3 months) Unaudited*
Cash flows from operating activities			
Loss for the period		**(27,506)**	(1,571)
Adjustments for:			
Depreciation		**2,432**	2,227
Losses/(gains) on investments in SHUAA managed funds		**7,846**	(985)
(Gains)/losses from other investments, including third party associates		**(3,969)**	1,353
Share based payments charge		**-**	457
Provisions - net		**34,070**	6,240
Operating cash flows before changes in operating assets and liabilities		**12,873**	7,721
Changes in operating assets and liabilities:			
Increase in receivables and other debit balances		**(6,143)**	(7,151)
Decrease/(increase) in loans, advances and finance leases		**18,020**	(61,592)
Increase/(decrease) in payables and other credit balances		**222**	(17,341)
Net redemption from/(acquisition of) SHUAA managed funds		**28,060**	-
Net cash generated from/(used in) operating activities		**53,032**	(78,363)
Cash flows from investing activities			
Net proceeds from sale/(purchase) of other investments		**18,990**	(38,509)
Net purchase of property and equipment		**(2,943)**	(2,014)
Net cash generated from/(used in) investing activities		**16,047**	(40,523)
Cash flows from financing activities			
Decrease in due to banks		**(26,724)**	(10,875)
Net cash used in financing activities		**(26,724)**	(10,875)
Net increase/(decrease) in cash and cash equivalents		**42,355**	(129,761)
Foreign currency translation		**17**	(9)
Cash and cash equivalents at beginning of the period		**238,195**	343,943
Cash and cash equivalents at end of the period	4	**280,567**	214,173

The attached notes 1 to 21 form an integral part of this interim condensed consolidated financial information.

Interim Consolidated Statement of Changes In Equity

For the period ended 31 March 2016

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

	Equity attributable to shareholders of the Parent								
	Share capital	*Employee long term incentive plan shares*	*Statutory reserve*	*Accumulated losses*	*Investment revaluation reserve*	*Translation reserve*	*Total*	*Non controlling interests*	*Total*
Balance as of 1 January 2015 *(Audited)*	**1,065,000**	**(36,896)**	**200,861**	**(81,676)**	**196**	**(221)**	**1,147,264**	**225**	**1,147,489**
Total comprehensive loss for the period	-	-	-	(1,568)	(17)	(9)	(1,594)	(5)	(1,599)
Share based payments charge	-	-	-	457	-	-	457	-	457
Net movement in employee long term incentive plan shares	-	26,106	-	(26,106)	-	-	-	-	-
Balance as of 31 March 2015 *(Unaudited)*	**1,065,000**	**(10,790)**	**200,861**	**(108,893)**	**179**	**(230)**	**1,146,127**	**220**	**1,146,347**

	Equity attributable to shareholders of the Parent								
	Share capital	*Employee long term incentive plan shares*	*Statutory reserve*	*Accumulated losses*	*Investment revaluation reserve*	*Translation reserve*	*Total*	*Non controlling interests*	*Total*
Balance as of 1 January 2016 *(Audited)*	**1,065,000**	**(10,790)**	**200,861**	**(296,211)**	**2,781**	**(228)**	**961,413**	**75**	**961,488**
Total comprehensive loss for the period	-	-	-	(27,506)	(3,003)	12	(30,497)	-	(30,497)
Accumulated losses offset (note 21)	-	-	(200,861)	200,861	-	-	-	-	-
Balance as of 31 March 2016 *(Unaudited)*	**1,065,000**	**(10,790)**	**-**	**(122,856)**	**(222)**	**(216)**	**930,916**	**75**	**930,991**

The attached notes 1 to 21 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 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 (together 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 31 March 2016 are as follows:

Name	**Country of incorporation**	**Principal activities**	**Holding** ***31 March 2016***	Holding *31 December 2015*
Gulf Finance Corporation PJSC	United Arab Emirates	Financing	**100.0%**	100.0%
Gulf Finance Corporation CJSC	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%**	100.0%
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 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 convention as modified for the measurement at fair value of certain financial instruments.

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 2015, except for the adoption of new standards effective as of 1 January 2016, which are detailed below. The application of the new standards did not have any material impact on the amounts reported for the current and prior periods.

	Effective for annual periods beginning on or after
Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets *clarify the acceptable methods of depreciation and amortisation.*	*1 January 2016*
Amendments to IFRS 11 Joint Arrangements *clarify accounting for acquisitions of Interests in Joint Operations.*	*1 January 2016*
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures *clarify that the recognition of the gain or loss on the sale or contribution of assets between an investor and its associate or joint venture depends on whether the assets sold or contributed constitute a business.*	*1 January 2016*

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

2. SIGNIFICANT ACCOUNTING POLICIES - continued

	Effective for annual periods beginning on or after
Amendments to IAS 27 Separate Financial Statements *allow an entity to account for investments in subsidiaries, joint ventures and associates either at cost, in accordance with IAS 39/IFRS 9 or using the equity method in an entity's separate financial statements.*	*1 January 2016*
Amendments to IFRS 10, IFRS 12 and IAS 28 *clarifying certain aspects of applying the consolidation exception for investment entities.*	*1 January 2016*
Amendments to IAS 1 Presentation of Financial Statements *to address perceived impediments to preparers exercising their judgment in presenting their financial reports.*	*1 January 2016*
Amendments to IAS 19 Employee Benefits *clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.*	*1 January 2016*

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.

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 2015. In addition, results for the three month period ended 31 March 2016 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2016.

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 2015.

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 2016 and 31 March 2015.

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:

	31 March 2016 Unaudited			
	Level 1	*Level 2*	*Level 3*	*Total*
Investments in SHUAA managed funds				
Held at fair value through profit or loss	**-**	**77,789**	**-**	**77,789**
Available for sale	**-**	**15,938**	**-**	**15,938**
Other investments				
Held at fair value through profit or loss	**17,174**	**683**	**945**	**18,802**
Available for sale	**-**	**33**	**9,444**	**9,477**
	17,174	**94,443**	**10,389**	**122,006**

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

3. FAIR VALUE OF FINANCIAL INSTRUMENTS - continued

	31 December 2015 Audited			
	Level 1	*Level 2*	*Level 3*	*Total*
Investments in SHUAA managed funds				
Held at fair value through profit or loss	-	119,694	-	119,694
Available for sale	-	9,794	-	9,794
Other investments				
Held at fair value through profit or loss	29,506	749	945	31,200
Available for sale	-	5,430	9,455	14,885
	29,506	135,667	10,400	175,573

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 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 31 March 2016 (3 months) Unaudited						
	Balance at 1 January 2016	***Gain/(loss) through P&L***	***Gain/(loss) through OCI***	***Purchases***	***Sales***	***Transfers from/(to) levels 1 &2***	***Balance at 31 March 2016***
Other investments							
Held at FVTPL	**945**	**-**	**-**	**-**	**-**	**-**	**945**
Available for sale	**9,455**	**(11)**	**-**	**-**	**-**	**-**	**9,444**
	10,400	**(11)**	**-**	**-**	**-**	**-**	**10,389**

	1 January to 31 March 2015 (3 months) Unaudited						
	Balance at 1 January 2015	*Gain/(loss) through P&L*	*Gain/(loss) through OCI*	*Purchases*	*Sales*	*Transfers from/(to) levels 1 &2*	*Balance at 31 March 2015*
Other investments							
Held at FVTPL	1,038	(2)	-	-	-	-	1,036
Available for sale	12,313	(43)	(17)	-	-	-	12,253
	13,351	(45)	(17)	-	-	-	13,289

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

3. FAIR VALUE OF FINANCIAL INSTRUMENTS - continued

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 31 March 2016 (3 months) Unaudited	*1 January to 31 March 2015 (3 months) Unaudited*
Other investments		
Unrealised losses	**(11)**	(45)

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:

	31 March 2016 Unaudited		*31 March 2015 Unaudited*	
	Carrying amount	***Effect of reasonably possible alternative assumptions***	*Carrying amount*	*Effect of reasonably possible alternative assumptions*
Other investments				
Held at fair value through profit or loss	**945**	**236**	1,036	259
Available for sale	**9,444**	**1,889**	12,253	2,451
	10,389	**2,125**	13,289	2,710

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 deposits of 24,479 (31 December 2015 – 24,479) with banks, which are held as collateral against Group's banking facilities including the Central Bank of the U.A.E guarantee. For the purposes of interim consolidated statement of cash flows, cash and cash equivalents are stated net of these deposits.

5. LOANS, ADVANCES AND FINANCE LEASES

Loans, advances and finance leases comprise the following:

	31 March 2016 Unaudited	*31 December 2015 Audited*
Loans and advances	**662,388**	743,657
Finance leases	**230,170**	207,427
Margin lending	**14,884**	8,180
	907,442	959,264

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

5. LOANS, ADVANCES AND FINANCE LEASES - continued

(a) Loans and advances

	31 March 2016 Unaudited	*31 December 2015 Audited*
Total loans and advances	**835,128**	917,839
Less: Cumulative allowance for impairment	**(157,644)**	(160,505)
Less: Interest in suspense	**(15,096)**	(13,677)
	662,388	743,657

(b) Finance Leases

	31 March 2016 Unaudited	*31 December 2015 Audited*
Current finance lease receivables	**119,745**	113,671
Non-current finance lease receivables	**118,838**	101,230
Less: Allowances for uncollectible lease payments	**(8,413)**	(7,474)
	230,170	207,427

(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 31 March 2016, these underlying securities were valued at 207,398 (31 December 2015 – 46,603). Provisions are made for the uncovered portion of margins. As at the end of the period, the cumulative provision is 57,689 (31 December 2015 – 56,600).

6. INVESTMENTS IN SHUAA MANAGED FUNDS

Investments in SHUAA managed funds consist of the following:

	31 March 2016 Unaudited	*31 December 2015 Audited*
Held at fair value through profit or loss	**77,789**	119,694
Associates	**71,990**	72,357
Available for sale	**15,938**	9,794
	165,717	201,845

Held at fair value through profit or loss
During the period, the Group redeemed 34,426 from its investments in the SHUAA managed funds.

Associates
The Group owns 27.0% (31 December 2015: 27.0%) 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 26.3% (31 December 2015: 26.3%) 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 Saudi Arabia.

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

7. INVESTMENTS IN THIRD PARTY ASSOCIATES

The Group has the following investments in third party associates:

	31 March 2016 Unaudited	*31 December 2015 Audited*
U.A.E.	**54,248**	54,248

City Engineering LLC
The Group owns 40.0% (31 December 2015: 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 2015: 49.0%) of Septech Holding Limited. The recoverable amount of this asset has been determined based on equity accounting.

8. OTHER INVESTMENTS

Other investments comprise of the following:

	31 March 2016 Unaudited	*31 December 2015 Audited*
Investments held at fair value through profit or loss	**18,802**	31,200
Investments available for sale	**9,477**	14,885
	28,279	46,085

a) Investments held at fair value through profit or loss

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

	31 March 2016 Unaudited	*31 December 2015 Audited*
Fund investments	**658**	723
Equity securities	**13,028**	317
Fixed income securities	**5,116**	30,160
	18,802	31,200

Fixed income securities
During the period, the Group exited from certain of its investments in fixed income securities.

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

8. OTHER INVESTMENTS - continued

b) Investments available for sale

Investments available for sale comprise of the following:

	31 March 2016 Unaudited	*31 December 2015 Audited*
Equity investments	**33**	5,430
Unquoted fund investments	**9,444**	9,455
	9,477	14,885

Equity investments
During the period, the Group exited from one of its investment classified as available for sale.

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.

	31 March 2016 Unaudited	*31 December 2015 Audited*
Repayable within twelve months	**207,357**	197,294
Repayable after twelve months	**219,293**	256,080
	426,650	453,374

The Group's banking facilities carry EIBOR/SIBOR based interest/profit rates plus a spread ranging between 2% and 4%. Included within due to banks is the balance of 337,500 from a 500,000 syndicated loan facility which is repayable over the next 2 years and is secured by a charge over certain of the Group's assets.

At 31 March 2016, letters of guarantee on behalf of the Group amounting to 63,414 (31 December 2015: 63,415) 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. EMPLOYEE LONG TERM INCENTIVE PLAN SHARES

The following employee long term incentive plan shares were held in trust at 31 March 2016:

	31 March 2016 Unaudited	*31 December 2015 Audited*
Number of shares	**4,743,004**	4,743,004
Shares as percentage of total shares in issue	**0.4%**	0.4%
Cost of shares	**10,790**	10,790
Market value of shares	**2,751**	1,945

There was no movement in employee long term incentive plan shares during the period.

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

11. INVESTMENT REVALUATION RESERVE

	1 January to 31 March 2016 (3 months) Unaudited	*1 January to 31 March 2015 (3 months) Unaudited*
Available for sale investments		
Balance at beginning of the period	**2,781**	196
Reserve recycled to income statement on disposal	**(2,781)**	-
Net movement in fair values during the period	**(222)**	(17)
Balance at end of the period	**(222)**	179

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

Losses and gains from investments in SHUAA managed funds comprise of the following:

	1 January to 31 March 2016 (3 months) Unaudited	*1 January to 31 March 2015 (3 months) Unaudited*
Funds held at fair value through profit or loss	**(7,479)**	1,654
Associates	**(367)**	(669)
	(7,846)	985

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

Gains and losses from other investments, including third party associates are detailed as follows:

	1 January to 31 March 2016 (3 months) Unaudited	*1 January to 31 March 2015 (3 months) Unaudited*
Third party associates	**-**	(2,630)
Other investments		
Held at fair value through profit or loss	**1,216**	1,030
Available for sale	**2,753**	(43)
Held to maturity	**-**	290
	3,969	(1,353)

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

14. LOSS PER SHARE

Basic loss per share have been computed using the net loss attributable to the equity holders of the Parent (27,506) (31 March 2015: (1,568)) divided by the weighted average number of ordinary shares outstanding 1,065,000,000 (31 March 2015: 1,065,000,000).

Diluted earnings per share as of 31 March 2016 and 31 March 2015 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 due to/from were as follows:

	31 March 2016 Unaudited	*31 December 2015 Audited*
Receivables and other debit balances		
Associates	**211**	206
Other related parties	**105**	220
Key management personnel	**78**	140
Investments in SHUAA managed funds	**165,717**	201,845
	166,111	202,411

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

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

	1 January to 31 March 2016 (3 months) Unaudited	*1 January to 31 March 2015 (3 months) Unaudited*
Gains/(losses) from investments in SHUAA managed funds		
Associates	**(367)**	(669)
Other related parties	**(7,479)**	1,654
Fees and commission income		
Other related parties	**502**	976
	7,344	1,961

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

15. RELATED PARTY TRANSACTIONS - continued

Compensation of the key management personnel is as follows:

	1 January to 31 March 2016 (3 months) Unaudited	*1 January to 31 March 2015 (3 months) Unaudited*
Short term employee benefits	**(3,842)**	(11,345)
Share based payments charge	**-**	(457)
	(3,842)	(11,802)

16. 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.

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.

Lending activities are conducted by Gulf Finance Corporation PJSC and Gulf Finance Corporation CJSC, 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.

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.

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

16. SEGMENTAL INFORMATION – continued

	1 January 2016 to 31 March 2016 (3 months) Unaudited					
	Asset Management	**Investment Banking**	**Capital Markets**	**Lending**	**Corporate**	**Total**
Interest income	128	-	95	38,196	396	**38,815**
Net fees and commissions	9,300	1,371	1,212	2,452	40	**14,375**
Trading income	-	-	124	-	-	**124**
Losses from investments in SHUAA managed funds	-	-	-	-	(7,846)	**(7,846)**
Total revenues	**9,428**	**1,371**	**1,431**	**40,648**	**(7,410)**	**45,468**
General & administrative expenses	(4,878)	(1,707)	(2,876)	(14,787)	(8,756)	**(33,004)**
Interest expenses	-	-	-	(7,437)	-	**(7,437)**
Depreciation	(27)	-	(506)	(1,498)	(401)	**(2,432)**
Provisions - net	-	-	-	(33,999)	(71)	**(34,070)**
Total expenses	**(4,905)**	**(1,707)**	**(3,382)**	**(57,721)**	**(9,228)**	**(76,943)**
Net profit/(loss) before gains from other investments	**4,523**	**(336)**	**(1,951)**	**(17,073)**	**(16,638)**	**(31,475)**
Gains from other investments	-	-	-	-	3,969	**3,969**
Profit/(loss) for the period	**4,523**	**(336)**	**(1,951)**	**(17,073)**	**(12,669)**	**(27,506)**
Attributable to:						
Equity holders of the Parent	4,523	(336)	(1,951)	(17,073)	(12,669)	**(27,506)**
Non controlling interests	-	-	-	-	-	**-**
	4,523	**(336)**	**(1,951)**	**(17,073)**	**(12,669)**	**(27,506)**

	31 March 2016 Unaudited					
	Asset Management	**Investment Banking**	**Capital Markets**	**Lending**	**Corporate**	**Total**
Assets	94,727	1,996	71,396	993,822	379,639	**1,541,580**
Liabilities	6,301	312	9,801	531,476	62,699	**610,589**

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

16. SEGMENTAL INFORMATION - continued

	1 January 2015 to 31 March 2015 (3 months) Unaudited					
	Asset Management	Investment Banking	Capital Markets	Lending	Corporate	Total
Interest income	71	-	167	32,566	245	33,049
Net fees and commissions	4,344	2,000	1,516	1,767	8	9,635
Trading income	-	-	371	-	-	371
Gains from investments in SHUAA managed funds	-	-	-	-	985	985
Total revenues	4,415	2,000	2,054	34,333	1,238	44,040
General & administrative expenses	(3,944)	(3,527)	(2,586)	(16,068)	(5,690)	(31,815)
Interest expenses	-	-	-	(3,976)	-	(3,976)
Depreciation	(29)	-	(463)	(1,397)	(338)	(2,227)
Provisions - net	-	-	228	(5,551)	(917)	(6,240)
Total expenses	(3,973)	(3,527)	(2,821)	(26,992)	(6,945)	(44,258)
Net profit/(loss) before losses from other investments	442	(1,527)	(767)	7,341	(5,707)	(218)
Losses from other investments	-	-	-	-	(1,353)	(1,353)
Profit/(loss) for the period	442	(1,527)	(767)	7,341	(7,060)	(1,571)
Attributable to:						
Equity holders of the Parent	442	(1,527)	(764)	7,341	(7,060)	(1,568)
Non controlling interests	-	-	(3)	-	-	(3)
	442	(1,527)	(767)	7,341	(7,060)	(1,571)

	31 December 2015 Audited					
	Asset Management	Investment Banking	Capital Markets	Lending	Corporate	Total
Assets	50,487	498	68,869	1,065,673	414,527	1,600,054
Liabilities	5,708	-	10,848	561,809	60,201	638,566

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 2015 and 31 December 2015 have been reclassified between segments in order to correspond to the changes in the internal reporting to the 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	**207,278**	**94,734**	**1,131**	**-**	**1,903**	**-**	**305,046**
Receivables and other debit balances	**17,620**	**6,343**	**755**	**-**	**14,996**	**-**	**39,714**
Loans, advances and finance leases	**684,244**	**223,155**	**24**	**-**	**-**	**19**	**907,442**
Investments in SHUAA managed funds	**32,057**	**133,660**	**-**	**-**	**-**	**-**	**165,717**
Investments in third party associates	**54,248**	**-**	**-**	**-**	**-**	**-**	**54,248**
Other investments	**21,799**	**4,844**	**978**	**658**	**-**	**-**	**28,279**
Property and equipment	**35,509**	**5,580**	**45**	**-**	**-**	**-**	**41,134**
Total Assets – 31 March 2016	**1,052,755**	**468,316**	**2,933**	**658**	**16,899**	**19**	**1,541,580**
Total Assets – 31 December 2015	1,140,641	453,796	3,059	727	1,826	5	1,600,054
Total Assets – 31 March 2015	1,157,348	384,173	16,334	10,446	9,838	10	1,578,149

18. MATURITY PROFILE

The maturity profile of assets and liabilities as of 31 March 2016, determined on the basis of the remaining contractual maturity is as follows. 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	280,566	22,871	**303,437**	**1,609**	**-**	**305,046**
Receivables and other debit balances	26,018	10,333	**36,351**	**3,363**	**-**	**39,714**
Loans, advances and finance leases	142,012	284,241	**426,253**	**481,189**	**-**	**907,442**
Investments in SHUAA managed funds*	41,059	23,997	**65,056**	**100,661**	**-**	**165,717**
Investments in third party associates*	-	5,527	**5,527**	**48,721**	**-**	**54,248**
Other investments*	17,175	9,202	**26,377**	**1,902**	**-**	**28,279**
Property and equipment*	-	-	**-**	**41,134**	**-**	**41,134**
Total Assets	**506,830**	**356,171**	**863,001**	**678,579**	**-**	**1,541,580**
Due to banks	68,580	138,777	**207,357**	**219,293**	**-**	**426,650**
Payables and other credit balances	150,042	29,612	**179,654**	**4,285**	**-**	**183,939**
Equity	-	-	**-**	**-**	**930,991**	**930,991**
Total Liabilities and Equity	**218,622**	**168,389**	**387,011**	**223,578**	**930,991**	**1,541,580**
Net liquidity gap	**288,208**	**187,782**	**475,990**	**455,001**	**(930,991)**	**-**
Cumulative liquidity gap	**288,208**	**475,990**	**475,990**	**930,991**	**-**	**-**

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

19. COMMITMENTS AND CONTINGENT LIABILITIES

The Group had the following outstanding commitments and contingent liabilities:

	31 March 2016 Unaudited	*31 December 2015 Audited*
Contingent liabilities	**2,331**	9,644

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

	31 March 2016 Unaudited	*31 December 2015 Audited*
Commitments		
SHUAA managed funds	**67,199**	67,199
Others	**174**	414
	67,373	67,613

20. CLIENTS' FUNDS UNDER MANAGEMENT

The Group is licensed as a financial services company regulated by the Central Bank of the United Arab Emirates. As at 31 March 2016, clients' assets amounting to 3.3 billion (31 December 2015: 2.7 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.

21. ACCUMULATED LOSSES

The Annual General Meeting of the Company held on 16 March 2016 approved the offset of the accumulated losses amounting to 200,861 against the balance of statutory reserve.