

# **SHUAA CAPITAL PSC**

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION  
FOR THE PERIOD FROM 1 JANUARY 2021 TO 30 JUNE 2021

### Condensed consolidated interim financial information for the six months ended 30 June 2021

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## Review report on condensed consolidated interim financial information to the Board of Directors of SHUAA Capital PSC

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### Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of SHUAA Capital PSC (the "Company") and its subsidiaries (the "Group") as at 30 June 2021 and the related condensed consolidated interim statements of profit or loss and other comprehensive income for the three-month and six-month periods then ended, and condensed consolidated interim changes in equity and cash flows for the six-month period then ended and related explanatory notes. The directors are responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34 - Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on this condensed consolidated interim 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 the condensed consolidated 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 condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting'.

PricewaterhouseCoopers  
11 August 2021

Rami Sarhan  
Registered Auditor Number 1152  
Place: Dubai, United Arab Emirates

PricewaterhouseCoopers (Dubai Branch), License no. 102451  
Emaar Square, Building 5, P O Box 11987, Dubai - United Arab Emirates  
T: +971 (0)4 304 3100, F: +971 (0)4 346 9150, www.pwc.com/me

Mohamed ElBorno, Jacques Fakhoury, Douglas O'Mahony, Murad Alnsour and Rami Sarhan are registered as practising auditors with the UAE Ministry of Economy

## SHUAA CAPITAL PSC

### Condensed consolidated interim statement of profit or loss for the six months ended 30 June 2021 (unaudited)

(Currency - Thousands of U.A.E. Dirhams)

		<i>3 months to 30 June 2021 Unaudited</i>	<i>3 months to 30 June 2020 Unaudited</i>	<i>6 months to 30 June 2021 Unaudited</i>	<i>6 months to 30 June 2020 Unaudited</i>
<b>Continuing operations:</b>	<i>Notes</i>				
Interest income		<b>4,199</b>	3,212	<b>7,954</b>	8,775
Interest expense		<b>(1,656)</b>	(694)	<b>(2,768)</b>	(1,479)
<b>Net interest income</b>		<b>2,543</b>	2,518	<b>5,186</b>	7,296
Fee and commission income		<b>68,425</b>	54,221	<b>169,410</b>	108,604
Fee and commission expense		<b>(8,365)</b>	(533)	<b>(12,466)</b>	(5,711)
<b>Net fee and commission income</b>		<b>60,060</b>	53,688	<b>156,944</b>	102,893
Advisory income		<b>1,334</b>	13,910	<b>2,387</b>	29,126
Trading income/(loss)		<b>1,297</b>	(887)	<b>2,617</b>	(522)
Other operating income	6	<b>74,893</b>	76,229	<b>75,218</b>	78,802
<b>Total operating income</b>		<b>140,127</b>	145,458	<b>242,352</b>	217,595
Staff costs		<b>(31,755)</b>	(30,345)	<b>(62,627)</b>	(61,280)
Employee carried interest		<b>(1,146)</b>	-	<b>(2,533)</b>	-
General and administrative expenses		<b>(24,655)</b>	(16,037)	<b>(43,986)</b>	(34,251)
Depreciation and amortisation		<b>(11,369)</b>	(14,171)	<b>(22,830)</b>	(28,618)
(Provision for)/reversal of impairment losses on financial assets		<b>(10,189)</b>	2,987	<b>(2,107)</b>	11,798
Other operating expenses		<b>(3,989)</b>	(2,960)	<b>(6,696)</b>	(1,090)
<b>Total operating expenses</b>		<b>(83,103)</b>	(60,526)	<b>(140,779)</b>	(113,441)
<b>Net operating income</b>		<b>57,024</b>	84,932	<b>101,573</b>	104,154
Change in fair value gains/(losses) from financial assets at fair value through profit or loss (FVTPL)		<b>121,649</b>	149,676	<b>183,473</b>	(400,579)
Gain on derivative financial liability		<b>622</b>	253	<b>1,243</b>	506
Share of gain/ (loss) of investments in associates accounted for using equity method	14	<b>13,096</b>	47,528	-	(1,002)
Finance cost	7	<b>(38,128)</b>	(46,133)	<b>(76,498)</b>	(91,641)
Finance (cost)/ credit relating to unit holders	8	<b>(113,126)</b>	(114,036)	<b>(140,354)</b>	241,653
Other income & expenses	9	<b>12,873</b>	149,314	<b>23,167</b>	166,408
<b>Profit from continuing operations</b>		<b>54,010</b>	271,534	<b>92,604</b>	19,499
<b>Loss from discontinued operations</b>		<b>(14,611)</b>	-	<b>(24,405)</b>	-
<b>Profit for the period</b>		<b>39,399</b>	271,534	<b>68,199</b>	19,499
<b>Attributable to:</b>					
Owners of the Parent		<b>29,093</b>	266,815	<b>54,063</b>	4,920
Non-controlling interests		<b>10,306</b>	4,719	<b>14,136</b>	14,579
		<b>39,399</b>	271,534	<b>68,199</b>	19,499
<b>Earnings per share attributable to Owners from continuing operations (in AED)</b>	10	<b>0.02</b>	0.11	<b>0.03</b>	0.002

The accompanying notes on pages 7 to 20 form an integral part of this condensed consolidated interim financial information.

## SHUAA CAPITAL PSC

### Condensed consolidated interim statement of other comprehensive income for the six months ended 30 June 2021 (unaudited)

(Currency - Thousands of U.A.E. Dirhams)

		<i>3 months to 30 June 2021 Unaudited</i>	<i>3 months to 30 June 2020 Unaudited</i>	<i>6 months to 30 June 2021 Unaudited</i>	<i>6 months to 30 June 2020 Unaudited</i>
<b>Profit for the period</b>	<i>Notes</i>	<b>39,399</b>	271,534	<b>68,199</b>	19,499
<b>Other comprehensive income/ (loss)</b>					
<i>Items that may be reclassified to profit or loss</i>					
Exchange differences on translation of foreign operations	19	<b>(255)</b>	4,078	<b>5,969</b>	(48,411)
Net gain / (loss) on cash flow hedges					
- Share of other comprehensive income/ (loss) from investment in associates	19	<b>53,367</b>	(551)	<b>53,367</b>	(88,412)
- Others	19	<b>(1,113)</b>	(372)	<b>(3,855)</b>	(1,854)
<i>Items that will not be reclassified to profit or loss</i>					
Changes in the fair value of equity investments at fair value through other comprehensive income (FVTOCI)	19	<b>2,576</b>	1,478	<b>(2,157)</b>	(33,996)
<b>Other comprehensive income/ (loss) for the period</b>		<b>54,575</b>	4,633	<b>53,324</b>	(172,673)
<b>Total comprehensive income/ (loss) for the period</b>		<b>93,974</b>	276,167	<b>121,523</b>	(153,174)
<b>Attributable to:</b>					
Owners of the Parent		<b>84,324</b>	268,952	<b>105,831</b>	(147,542)
Non-controlling interests		<b>9,650</b>	7,215	<b>15,692</b>	(5,632)
		<b>93,974</b>	276,167	<b>121,523</b>	(153,174)

The accompanying notes on pages 7 to 20 form an integral part of this condensed consolidated interim financial information.

## SHUAA CAPITAL PSC

### Condensed consolidated interim statement of financial position as at 30 June 2021 (unaudited)

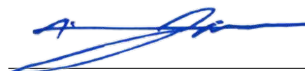
(Currency - Thousands of U.A.E. Dirhams)

	Notes	30 June 2021 Unaudited	31 December 2020 Audited
<b>Assets</b>			
Cash and deposits with banks	11	321,196	416,975
Receivables and other debit balances	12	251,321	214,292
Loans, advances and finance leases	13	284,644	346,232
Financial assets at fair value	22	2,731,275	2,428,999
Investments in associates	14	407,432	434,312
Property and equipment		47,365	42,762
Goodwill and other intangible assets	15	1,235,753	1,241,797
Assets held for sale	24	754,052	922,943
<b>Total assets</b>		<b>6,033,038</b>	<b>6,048,312</b>
<b>Liabilities</b>			
Payables and other credit balances	16	536,424	511,160
Other financial liabilities		150,111	149,983
Borrowings	17	2,099,713	2,395,701
Payables to unit holders		719,126	578,757
Liabilities of disposal groups classified as held for sale	24	502,611	386,534
<b>Total liabilities</b>		<b>4,007,985</b>	<b>4,022,135</b>
<b>Equity</b>			
Share capital	18	2,535,720	2,535,720
Share premium		52,579	52,579
Statutory reserve		47,207	47,207
Other reserves	19	(1,387,378)	(1,439,146)
Retained earnings		280,548	293,727
<b>Equity attributable to Owners</b>		<b>1,528,676</b>	<b>1,490,087</b>
Non-controlling interests (NCI)		496,377	536,090
<b>Total equity</b>		<b>2,025,053</b>	<b>2,026,177</b>
<b>Total equity and liabilities</b>		<b>6,033,038</b>	<b>6,048,312</b>

This condensed consolidated interim financial information was approved by the Board of Directors on 11 August 2021 and signed on their behalf by:



Fadhel Alali  
Chairman



Jassim Alseddiqi  
Group Chief Executive Officer

The accompanying notes on pages 7 to 20 form an integral part of this condensed consolidated interim financial information.

## SHUAA CAPITAL PSC

### Condensed consolidated interim statement of changes in equity for the six months ended 30 June 2021 (unaudited)

(Currency - Thousands of U.A.E. Dirhams)

	Share capital	Share premium	Statutory reserve (*)	Other reserves	Retained earnings	Equity attributable to owners of the Parent	Non - controlling interests	Total
Balance at 1 January 2020 (Audited)	2,535,720	52,579	34,681	(1,387,369)	229,471	1,465,082	404,262	1,869,344
Profit for the period	-	-	-	-	4,920	4,920	14,579	19,499
Other comprehensive loss for the period	-	-	-	(152,462)	-	(152,462)	(20,211)	(172,673)
Total comprehensive loss for the period	-	-	-	(152,462)	4,920	(147,542)	(5,632)	(153,174)
Transactions with the owners in their capacity as owners								
Transaction with unit holders	-	-	-	-	(2,412)	(2,412)	-	(2,412)
NCI on exit of a subsidiary	-	-	-	-	-	-	(16,508)	(16,508)
Payment of dividend	-	-	-	-	-	-	(15,313)	(15,313)
Balance at 30 June 2020 (Unaudited)	2,535,720	52,579	34,681	(1,539,831)	231,979	1,315,128	366,809	1,681,937
<b>Balance at 1 January 2021 (Audited)</b>	<b>2,535,720</b>	<b>52,579</b>	<b>47,207</b>	<b>(1,439,146)</b>	<b>293,727</b>	<b>1,490,087</b>	<b>536,090</b>	<b>2,026,177</b>
Profit for the period	-	-	-	-	54,063	54,063	14,136	68,199
Other comprehensive income for the period	-	-	-	51,768	-	51,768	1,556	53,324
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>51,768</b>	<b>54,063</b>	<b>105,831</b>	<b>15,692</b>	<b>121,523</b>
Transactions with the owners in their capacity as owners								
Disposal of treasury shares	-	-	-	-	8,829	8,829	-	8,829
Payment of dividend (A)	-	-	-	-	(76,071)	(76,071)	(55,405)	(131,476)
<b>Balance at 30 June 2021 (Unaudited)</b>	<b>2,535,720</b>	<b>52,579</b>	<b>47,207</b>	<b>(1,387,378)</b>	<b>280,548</b>	<b>1,528,676</b>	<b>496,377</b>	<b>2,025,053</b>

\* In accordance with the UAE Federal Law No. (2) of 2015 concerning Commercial Companies and SHUAA Capital PSC's (PSC's) Articles of Association, 10% of the profit for the year is to be transferred to a statutory reserve. SHUAA may resolve to discontinue such annual transfer when the reserve equals 50% of the capital. The reserve is not available for distribution except in cases stipulated by law and SHUAA's Articles of Association

(A) At the Annual General Meeting held on 22 April 2021, the shareholders approved a dividend distribution of 3 fils per share resulting in a total dividend payable of AED 76,071 for the year ended 31 December 2020 (2020: nil). This amount was paid out in the six months ended 30 June 2021.

The accompanying notes on pages 7 to 20 form an integral part of this condensed consolidated interim financial information.

# SHUAA CAPITAL PSC

## Condensed consolidated interim statement of cash flows

(Currency - Thousands of U.A.E. Dirhams)

	<i>Notes</i>	<i>6 months to 30 June 2021 Unaudited</i>	<i>6 months to 30 June 2020 Unaudited</i>
<b>Cash flows from operating activities</b>			
Profit for the period		<b>68,199</b>	19,499
Adjustments:			
Finance credit relating to unit holders		<b>140,354</b>	(241,653)
Bargain purchase gain		-	(7,100)
Foreign exchange (gain) / loss		<b>(6,635)</b>	(1,626)
Carried interest recognised – net		<b>2,533</b>	-
Finance cost		<b>76,498</b>	91,641
Net interest income		<b>(5,185)</b>	(7,296)
Fair value (gain)/loss on investments at FVTPL		<b>(183,473)</b>	400,579
Other income		-	(112,706)
Borrowing deferment income		-	(10,158)
Share of loss from investments in associates		-	1,002
Non-cash distribution		<b>3,764</b>	-
Gain on revaluation of derivative financial liabilities		<b>(1,243)</b>	(506)
Employees' end of service benefit charge		<b>3,448</b>	2,705
Provisions and allowances for impairment – net		<b>2,107</b>	(11,798)
Impairment of goodwill		-	2,200
Depreciation and amortization		<b>22,830</b>	28,618
<b>Operating cash flows before movements in working capital</b>		<b>123,197</b>	153,401
Decrease in inventories		-	23,311
Increase in receivables and other debit balances		<b>(33,589)</b>	(37,777)
Decrease in loans and advances		<b>56,771</b>	19,976
Decrease in payables and other credit balances		<b>(69,692)</b>	(13,334)
Increase in other financial liabilities		<b>1,370</b>	36,427
Cash flows used in operating activities of discontinued operations		<b>(35,406)</b>	-
<b>Net cash generated from operations</b>		<b>42,651</b>	182,004
Employees' end of service benefit paid		<b>(2,317)</b>	(1,045)
Dividend received		<b>1,818</b>	-
<b>Net cash generated from operating activities</b>		<b>42,152</b>	180,959
<b>Cash flows from investing activities</b>			
Net payments for the purchase of investments		<b>(12,264)</b>	(106,203)
Net interest received		<b>5,185</b>	7,296
Acquisition of property and equipment		<b>(5,605)</b>	2,612
Cash flow from investing activities of discontinued operations		<b>229,837</b>	-
<b>Net cash generated from/ (used) in investing activities</b>		<b>217,153</b>	(96,295)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		<b>113,961</b>	139,649
Repayment of borrowings		<b>(403,889)</b>	(118,141)
Proceeds from sale of treasury shares		<b>8,829</b>	-
Dividend paid		<b>(131,476)</b>	(15,313)
Lease rentals paid		-	(1,931)
Redemption of unit holders		-	(13,606)
Payment to NCI on exit of a subsidiary		-	(16,508)
Finance cost paid		<b>(82,559)</b>	(74,925)
Cash flow from financing activities of discontinued operations		<b>140,050</b>	-
<b>Net cash used in financing activities</b>		<b>(355,084)</b>	(100,775)
<b>Net decrease in cash and cash equivalents</b>		<b>(95,779)</b>	(16,111)
Cash and cash equivalents at beginning of the period	11	<b>377,266</b>	327,179
Impact of foreign currency translation		-	(4,607)
Cash and cash equivalent at beginning of the period from discontinued operations		-	4,538
Restricted cash		<b>13,814</b>	-
<b>Cash and cash equivalents at end of the period</b>	11	<b>295,301</b>	310,999

The accompanying notes on pages 7 to 20 form an integral part of this condensed consolidated interim financial information.



# SHUAA CAPITAL PSC

## Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2021 (continued)

(Currency - Thousands of U.A.E. Dirhams)

### 1. LEGAL STATUS AND ACTIVITIES

SHUAA Capital P.S.C. (the "Company" or "SHUAA") 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 UAE Federal Law No. 8 of 1984 concerning Commercial Companies and its amendments ("Companies Law"). 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.

### 2. BASIS OF PREPARATION

This condensed consolidated interim financial information and accompanying notes for the period ended 30 June 2021 have been prepared in accordance with International Accounting Standard (IAS) 34, "Interim Financial Reporting" and comply with the applicable requirements of the laws in the UAE. As per the requirements of IAS 34, the condensed consolidated interim 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 2020. In addition, results for the six months ended 30 June 2021 are neither audited nor are they necessarily indicative of the results that may be expected for the full financial year ending 31 December 2021.

Federal Decree Law No. 26 of 2020 which amends certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. The Company has reviewed the new provisions and applied the requirements during the period.

#### **Business combination in 2020**

In 2020, SHUAA acquired the business of Stanford Marine Group ("SMG") through Thalassa Investments LP, effective 31 December 2020. In accordance with IFRS 3 "Business Combinations", the Group accounted for the acquisition based on fair values of the identifiable assets acquired and liabilities assumed. Given that the business combination was effective on 31 December 2020, there was no contribution of revenue and profit for the year ended 31 December 2020. During the six months ended 30 June 2021, SMG contributed total revenue of 77,780 and a loss of 7,410.

### 3. CHANGES IN ACCOUNTING POLICIES

The Group has consistently applied the accounting policies as applied by the Group in the annual consolidated financial statements for the year ended 31 December 2020, except for the following accounting policies which were applicable from 1 January 2021:

#### **Amendment to IFRS 16, 'Leases' – Covid-19 related rent concessions**

As a result of the coronavirus (COVID-19) pandemic, rent concessions have been granted to lessees. Such concessions might take a variety of forms, including payment holidays and deferral of lease payments. On 28 May 2020, the IASB published an amendment to IFRS 16 that provides an optional practical expedient for lessees from assessing whether a rent concession related to COVID-19 is a lease modification. Lessees can elect to account for such rent concessions in the same way as they would if they were not lease modifications. Management performed an assessment of the impact of the rent concession and noted no significant changes for the six months ended 30 June 2021.

#### **Interest Rate Benchmark Reform – Phase 2 – Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16**

Effective from January 1, 2021, Phase 2 amendments to IFRS 9, IFRS 7, and IFRS 16 relating to interest rate benchmark reforms require the Group to introduce disclosures that allow users to understand the nature and extent of risks arising from the IBOR reform to which the Group is exposed to and how the Group manages those risks as well as the Group's progress in transitioning from interbank offered rates to alternative benchmark rates, and how the Group is managing this transition. The quantitative information as required under Phase 2 of the reforms will be disclosed in the Group's annual consolidated financial statements for the year ending December 31, 2021. The majority of the Group's contracts referencing IBOR rates use EIBOR rates as benchmark. The Group is monitoring the status of all its contracts referencing IBOR rates that extend beyond 2021 and the effects on the Group's activities, as well as monitoring the different timelines that the individual rate setting bodies have for the phasing out of such rates. The Group continues to monitor communications from both rate setting bodies and its counterparties as part of ensuring an orderly transition. The group does not currently expect these amendments to result in any material impact to the financial statements for the year ended 31 December 2021.

# SHUAA CAPITAL PSC

## Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2021 (continued)

(Currency - Thousands of U.A.E. Dirhams)

### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the preparation of the Group's condensed consolidated interim financial information, management has made a number of critical estimates and judgments in a manner consistent with those described in the Group's annual consolidated financial statements for the year ended 31 December 2020. The broad effects of the COVID-19 pandemic on the Group are described within Note 21.

### 5. SEGMENTAL INFORMATION

For internal management purposes the Group is organised into three operating segments, all of which are based on business units:

**Asset Management** manages real estate funds and projects, investment portfolios and funds in the regional equities, fixed income and credit markets. It also provides investment solutions to clients with a focus on alternative investment strategies.

**Investment banking** provides corporate finance advisory, transaction services, private placement, public offerings of equity and debt securities and structured products. It also creates market liquidity on OTC fixed income products.

**Corporate** manages principal investments, non-core assets, corporate developments, treasury and other shared services related to the Group.

	<b>1 January to 30 June 2021 (Unaudited)</b>			
	<b>Asset Management</b>	<b>Investment Banking</b>	<b>Corporate</b>	<b>Total</b>
Net fee and commission income	109,363	2,347	45,234	156,944
Advisory income	-	5,687	(3,300)	2,387
Net interest income	-	-	5,186	5,186
Trading income	-	3,856	(1,239)	2,617
Other operating income	77	-	75,141	75,218
<b>Total revenues</b>	<b>109,440</b>	<b>11,890</b>	<b>121,022</b>	<b>242,352</b>
Staff costs	(29,916)	(4,555)	(28,156)	(62,627)
Employee carried interest	(2,533)	-	-	(2,533)
General and administrative expenses	(12,286)	(2,261)	(29,439)	(43,986)
Other operating expenses	(3,347)	(152)	(3,197)	(6,696)
Depreciation and amortization	(15,763)	(3,468)	(3,599)	(22,830)
Provision for impairment losses on financial instruments	-	-	(2,107)	(2,107)
<b>Total expenses</b>	<b>(63,845)</b>	<b>(10,436)</b>	<b>(66,498)</b>	<b>(140,779)</b>
<b>Profit before other income and finance cost</b>	<b>45,595</b>	<b>1,454</b>	<b>54,524</b>	<b>101,573</b>
Fair value (losses)/gains from investments	-	(458)	183,931	183,473
Gain from derivative financial liability	-	-	1,243	1,243
Finance cost	(3,475)	(1,595)	(71,428)	(76,498)
Finance (cost)/credit relating to unit holders	-	-	(140,354)	(140,354)
Other income	5,223	373	17,571	23,167
<b>Profit/(loss) for the period from continuing operations</b>	<b>47,343</b>	<b>(226)</b>	<b>45,487</b>	<b>92,604</b>
<b>Loss for the period from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>(24,405)</b>	<b>(24,405)</b>
Less: Profit for the period attributable to NCI	(4,046)	-	(10,090)	(14,136)
<b>Profit/(loss) for the period attributable to Owners</b>	<b>43,297</b>	<b>(226)</b>	<b>10,992</b>	<b>54,063</b>
Revenue from external customers (fees & commission)	104,971	2,347	45,234	152,552
Revenue from within the group (fee & commission)	4,392	-	-	4,392
	<b>109,363</b>	<b>2,347</b>	<b>45,234</b>	<b>156,944</b>

# SHUAA CAPITAL PSC

## Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2021 (continued)

(Currency - Thousands of U.A.E. Dirhams)

### 5. SEGMENTAL INFORMATION (continued)

	<i>1 January to 30 June 2020 (Unaudited)</i>			
	Asset Management	Investment Banking	Corporate	Total
Net fee and commission income	55,532	679	46,682	102,893
Advisory income	12,977	15,765	384	29,126
Net interest income/(expense)	-	-	7,296	7,296
Trading income	144	(208)	(458)	(522)
Other operating income	18,013	-	60,789	78,802
<b>Total revenues</b>	<b>86,666</b>	<b>16,236</b>	<b>114,693</b>	<b>217,595</b>
Staff costs	(30,144)	(7,015)	(24,121)	(61,280)
General and administrative expenses	(13,264)	(3,578)	(17,409)	(34,251)
Depreciation and amortisation	(15,951)	(4,791)	(7,876)	(28,618)
Provision for impairment losses on financial instruments	1,270	544	9,984	11,798
Other operating expenses	276	109	(1,475)	(1,090)
<b>Total expenses</b>	<b>(57,813)</b>	<b>(14,731)</b>	<b>(40,897)</b>	<b>(113,441)</b>
Profit/(loss) before other income and finance cost	28,853	1,505	73,796	104,154
Fair value losses from investments	420	(749)	(400,250)	(400,579)
Gain/(loss) from derivative financial liability	-	-	506	506
Share of profit from investment in associates	-	-	(1,002)	(1,002)
Finance cost	(2,784)	(2,092)	(86,765)	(91,641)
Finance credit relating to unit holders	-	-	241,653	241,653
Other income	16,943	1,071	148,394	166,408
<b>Profit/(loss) for the period from continuing operations</b>	<b>43,432</b>	<b>(265)</b>	<b>(23,668)</b>	<b>19,499</b>
Less: Profit for the period attributable to NCI	1,614	-	12,965	14,579
<b>Profit/(loss) for the period attributable to Owners</b>	<b>41,818</b>	<b>(265)</b>	<b>(36,633)</b>	<b>4,920</b>
Revenue from external customers (fee & commission)	48,965	679	46,682	96,326
Revenue from within the group (fee & commission)	6,567	-	-	6,567
	<b>55,532</b>	<b>679</b>	<b>46,682</b>	<b>102,893</b>

### *At 30 June 2021 (Unaudited)*

	<b>Asset Management</b>	<b>Investment Banking</b>	<b>Corporate</b>	<b>Total</b>
<b>Assets</b>	<b>1,143,225</b>	<b>379,407</b>	<b>4,510,406</b>	<b>6,033,038</b>
<b>Liabilities</b>	<b>154,413</b>	<b>94,976</b>	<b>3,758,596</b>	<b>4,007,985</b>

### *At 31 December 2020 (Audited)*

	Asset Management	Investment Banking	Corporate	Total
Assets	1,158,050	361,791	4,528,471	6,048,312
Liabilities	218,579	126,009	3,677,547	4,022,135

The results of the discontinued operations and assets/liabilities pertaining to the disposal group classified as held for sale are included in the 'Corporate' operating segment.

## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2021 (continued)

(Currency - Thousands of U.A.E. Dirhams)

#### 6. OTHER OPERATING INCOME

Other operating income includes dividend income of 73,609 (30 June 2020: 59,676).

#### 7. FINANCE COST

Finance cost includes interest of 20,775 (30 June 2020: 12,396) on the Bonds payable.

#### 8. FINANCE (COST)/ CREDIT RELATING TO UNIT HOLDERS

The profit/(loss) attributable to the third-party holders of units in one of the Group's funds is recognised in the consolidated statement of profit or loss as (finance cost)/finance credit relating to unit holders carried at fair value and amounted to 140,354 (30 June 2020: 241,653).

#### 9. OTHER INCOME/(EXPENSES)

	<i>3 months to 30 June 2021</i> <i>Unaudited</i>	<i>3 months to 30 June 2020</i> <i>Unaudited</i>	<i>6 months to 30 June 2021</i> <i>Unaudited</i>	<i>6 months to 30 June 2020</i> <i>Unaudited</i>
One-time transaction claw back	-	112,706	-	112,706
Reversal of rebate payable	-	15,509	-	15,509
Borrowing deferment income	-	10,158	-	10,158
Finance lease modification charge	<b>5,067</b>	(11,864)	<b>3,406</b>	(11,864)
Gain on sale of financial asset carried at amortised cost	-	16,724	-	16,724
Bargain purchase gain	-	-	-	7,100
Others	<b>7,806</b>	6,081	<b>19,761</b>	16,075
	<b>12,873</b>	149,314	<b>23,167</b>	166,408

#### 10. EARNINGS/(LOSS) PER SHARE

Basic earnings per share has been computed by dividing the net profit attributable to the Owners with the weighted average number of ordinary shares outstanding

	<i>3 months to 30 June 2021</i> <i>Unaudited</i>	<i>3 months to 30 June 2020</i> <i>Unaudited</i>	<i>6 months to 30 June 2021</i> <i>Unaudited</i>	<i>6 months to 30 June 2020</i> <i>Unaudited</i>
Profit attributable to the Owners from continuing operations	<b>44,419</b>	266,815	<b>75,312</b>	4,920
Profit attributable to the Owners	<b>29,093</b>	266,815	<b>54,063</b>	4,920
Weighted average number of ordinary shares (thousands)	<b>2,535,720</b>	2,535,720	<b>2,535,720</b>	2,535,720
Earnings per share attributable to the Owners from continuing operations (in AED)	<b>0.02</b>	0.11	<b>0.03</b>	0.002
Earnings per share attributable to the Owners (in AED)	<b>0.01</b>	0.11	<b>0.02</b>	0.002

Diluted earnings per share as of 30 June 2021 and 30 June 2020 are equivalent to basic earnings per share.

# SHUAA CAPITAL PSC

## Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2021 (continued)

(Currency - Thousands of U.A.E. Dirhams)

### 11. CASH AND DEPOSITS WITH BANKS

	<b>30 June 2021</b> <b>Unaudited</b>	<i>31 December 2020</i> <i>Audited</i>
Cash on hand	97	47
Balances held with banks	<b>321,099</b>	416,928
	<u>          </u>	<u>          </u>
Cash and deposits with banks	<b>321,196</b>	416,975
Less: Restricted deposits	<b>(25,895)</b>	(39,709)
	<u>          </u>	<u>          </u>
Cash and cash equivalents	<b>295,301</b>	377,266
	<u>          </u>	<u>          </u>

### 12. RECEIVABLES AND OTHER DEBIT BALANCES

	<b>30 June 2021</b> <b>Unaudited</b>	<i>31 December 2020</i> <i>Audited</i>
Trade receivables – net of loss allowance	<b>69,006</b>	46,336
Advances and deposits	<b>4,923</b>	4,995
Prepayments	<b>9,171</b>	12,014
Carried interest	<b>2,256</b>	2,256
Accrued income	<b>91,711</b>	42,242
Receivables from managed funds	<b>60,569</b>	61,220
Receivables against unsettled trades	-	26,479
Others	<b>13,685</b>	18,750
	<u>          </u>	<u>          </u>
	<b>251,321</b>	214,292
	<u>          </u>	<u>          </u>
<b>Trade receivables and managed funds – net of loss allowance</b>		
Trade receivables and managed funds	<b>144,961</b>	127,481
Loss allowance	<b>(15,386)</b>	(19,925)
	<u>          </u>	<u>          </u>
	<b>129,575</b>	107,556
	<u>          </u>	<u>          </u>

Included in trade receivables is an amount of 8,068 (31 December 2020: 15,860) due from related parties.

The maturity profile of receivables and other debit balances at the end of the reporting period is as follows:

Repayable within twelve months	<b>224,683</b>	209,640
Repayable after twelve months	<b>26,638</b>	4,652
	<u>          </u>	<u>          </u>
	<b>251,321</b>	214,292
	<u>          </u>	<u>          </u>

### 13. LOANS, ADVANCES AND FINANCE LEASES

During the period a provision of 9,400 (4,653 reversal for the period 30 June 2020) was taken for expected credit losses on loans made by the Group.

### 14. INVESTMENTS IN ASSOCIATES

	<b>30 June 2021</b> <b>Unaudited</b>	<i>31 December 2020</i> <i>Audited</i>
Opening balance	<b>434,312</b>	693,650
Additions	-	33,595
Reclassified from associate to FVTPL investment	<b>(12,992)</b>	-
Share of profit of associates	<b>5,986</b>	116,368
Share of other comprehensive loss of associates	-	(47,569)
Impairment	<b>(5,986)</b>	(36,186)
Dividends and other distributions	<b>(13,888)</b>	(116,951)
Held for sale	-	(208,595)
	<u>          </u>	<u>          </u>
<b>Closing balance</b>	<b>407,432</b>	434,312
	<u>          </u>	<u>          </u>

## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2021 (continued)

(Currency - Thousands of U.A.E. Dirhams)

#### 14. INVESTMENTS IN ASSOCIATES (continued)

The below table highlights the geographical allocation of associates:

	<b>30 June 2021</b> <i>Unaudited</i>	31 December 2020 <i>Audited</i>
UAE	27,118	41,542
GCC	-	12,992
Others	380,314	379,778
	<u>407,432</u>	<u>434,312</u>

#### 15. GOODWILL AND OTHER INTANGIBLE ASSETS

	<i>Goodwill</i>	<i>Trademark</i>	<i>Customer Relationships</i>	<i>Trade Licenses</i>	<i>Total</i>
<b>Cost</b>					
Balance at beginning of the period	1,030,562	15,573	215,249	18,807	1,280,191
Impact of foreign currency	5,941	-	-	-	5,941
Balance at end of the period	<u>1,036,503</u>	<u>15,573</u>	<u>215,249</u>	<u>18,807</u>	<u>1,286,132</u>
<b>Accumulated amortisation</b>					
Balance at beginning of the period	-	1,161	37,226	7	38,394
Charge for the period	-	452	11,533	-	11,985
Balance at end of the period	<u>-</u>	<u>1,613</u>	<u>48,759</u>	<u>7</u>	<u>50,379</u>
<b>Net book value</b>					
<b>Net book value as at 30 June 2021 (Unaudited)</b>	<u>1,036,503</u>	<u>13,960</u>	<u>166,490</u>	<u>18,800</u>	<u>1,235,753</u>
Net book value as at 31 December 2020 (Audited)	1,030,562	14,412	178,023	18,800	1,241,797

During the six months period 30 June 2021 the Group did not identify any significant changes in the estimation and assumptions used for the impairment assessment performed at the end of financial year 2020 (2020: the Group did not identify any significant changes in the estimation and assumptions used for the impairment assessment performed at the end of financial year 2019).

#### 16. PAYABLES AND OTHER CREDIT BALANCES

	<b>30 June 2021</b> <i>Unaudited</i>	31 December 2020 <i>Audited</i>
Payable to clients	11,998	11,554
Customer deposits	28,923	37,658
Accruals	58,963	79,203
Lease liabilities	49,074	40,014
Repurchase agreements	43,288	63,825
Payables against acquisition	186,598	122,985
Unclaimed dividends payable	34,027	33,470
FVTPL liabilities	8,951	1,859
Realised carried interest payable to employees	2,800	9,415
End of service benefits	20,278	19,147
Provisions	7,778	3,539
Derivative financial liability	6,878	4,519
Deferred revenue	5,617	7,722
Other payables	71,251	76,250
	<u>536,424</u>	<u>511,160</u>

## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2021 (continued)

(Currency - Thousands of U.A.E. Dirhams)

#### 16. PAYABLES AND OTHER CREDIT BALANCES (continued)

The maturity profile of payables and other credit balances at the end of the reporting period is as follows:

	<b>30 June 2021</b> <b>Unaudited</b>	<i>31 December 2020</i> <i>Audited</i>
Repayable within twelve months	<b>462,214</b>	382,325
Repayable after twelve months	<b>74,210</b>	128,835
	<b>536,424</b>	511,160

#### 17. BORROWINGS

	<b>30 June 2021</b> <b>Unaudited</b>	<i>31 December 2020</i> <i>Audited</i>
<b>Secured</b>		
Due to banks	<b>1,252,765</b>	1,519,267
Due to other financial institutions (A)	<b>60,611</b>	61,572
Others	<b>38,888</b>	77,079
	<b>1,352,264</b>	1,657,918
<b>Unsecured</b>		
Due to banks	<b>78,229</b>	86,559
Due to other financial institutions	<b>-</b>	30,247
Bonds payable (A)	<b>536,938</b>	499,317
Others (A/B)	<b>132,282</b>	121,660
	<b>747,449</b>	737,783
	<b>2,099,713</b>	2,395,701

**A** – includes borrowings amounting to 89,882 (31 December 2020: 157,430) due to related parties with an interest rate of 7.5% to 9.5% p.a (31 December 2020: 7.3% to 9.5% p.a).

**B** – This includes 96,380 (31 December 2020: 57,565) related to funding received by a subsidiary from its regulator to finance and support Small and Medium-Sized Entities lending activity of the subsidiary.

The maturity profile of borrowings at the end of the reporting period is as follows:

<b>Secured</b>		
Repayable within twelve months	<b>858,195</b>	895,471
Repayable after twelve months	<b>494,069</b>	762,447
	<b>1,352,264</b>	1,657,918
<b>Unsecured</b>		
Repayable within twelve months	<b>33,314</b>	98,722
Repayable after twelve months	<b>714,135</b>	639,061
	<b>747,449</b>	737,783
	<b>2,099,713</b>	2,395,701

During the six months ended 30 June 2021, the Group received additional funding from sale of bond amounting to 34,948 (30 June 2020: nil).

## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2021 (continued)

(Currency - Thousands of U.A.E. Dirhams)

#### 18. SHARE CAPITAL

	<i>Number of shares</i>	<i>Value</i>
<b>30 June 2021 (Unaudited)</b>	<b>2,535,720</b>	<b>2,535,720</b>
31 December 2020 (Audited)	2,535,720	2,535,720

Authorised, issued and fully paid share capital comprises 2,535,720,000 shares (31 December 2020: 2,535,720,000 shares) of AED 1 per share (31 December 2020: AED 1 per share). Each share carries one vote and the right to receive dividends.

At 30 June 2021, the Company had 15,330,061 (31 December 2020: 28,107,748) treasury shares outstanding. During the six months ended 30 June 2021, the Company sold 12,777,687 treasury shares for total proceeds of 8,829 (2020: nil). The cost of these shares was 14,154.

#### 19. OTHER RESERVES

	<i>Merger reserve (A)</i>	<i>Investment revaluation reserve</i>	<i>Cash flow hedge reserve (B)</i>	<i>Translation reserve</i>	<i>Total</i>
As 1 January 2021	<b>(1,410,720)</b>	<b>(20,781)</b>	<b>(50,031)</b>	<b>42,386</b>	<b>(1,439,146)</b>
Remeasurement of equity investments carried at FVTOCI	-	<b>(2,157)</b>	-	-	<b>(2,157)</b>
Cash flow hedge	-	-	<b>49,512</b>	-	<b>49,512</b>
Translation of operations of foreign subsidiaries	-	-	-	<b>5,969</b>	<b>5,969</b>
NCI share	-	<b>1,954</b>	-	<b>(3,510)</b>	<b>(1,556)</b>
<b>At 30 June 2021 (Unaudited)</b>	<b>(1,410,720)</b>	<b>(20,984)</b>	<b>(519)</b>	<b>44,845</b>	<b>(1,387,378)</b>
At 31 December 2020 (Audited)	(1,410,720)	(20,781)	(50,031)	42,386	(1,439,146)

**A** Merger reserve represents the excess value of the consideration paid by the legal acquirer (SHUAA) over the nominal value of the pre-merger share capital of the legal acquiree (ADFG).

**B** This includes a share of the cash flow hedge reserve of an associate which was disposed in Q2 2021.

#### 20. RELATED PARTY TRANSACTIONS AND BALANCES

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 Group conducts its transactions with related parties on an arm's length terms, with any exceptions specifically approved by the Board. In all cases, transactions with related parties are required to be conducted in compliance with all relevant laws and regulations. Where a Board member has an actual or perceived conflict of interest over an issue to be considered by the Board, the interested member may not vote on any relevant resolutions and can also be asked by the Chairman not to participate in the relevant Board discussions.

The nature of significant related party transactions and the amounts due from related parties, where there has a significant change, were as follows:

<b>Borrowings</b>	<b>30 June 2021 Unaudited</b>	<i>31 December 2020 Audited</i>
Associates	<b>89,882</b>	88,954
Shareholders	-	68,476
	<b>89,882</b>	157,430



## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2021 (continued)

(Currency - Thousands of U.A.E. Dirhams)

#### 20. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Significant transactions with related parties included in this condensed consolidated interim financial information are as follows:

	<i>1 April to 30 June 2021 (3 months) Unaudited</i>	<i>1 April to 30 June 2020 (3 months) Unaudited</i>	<i>1 January to 30 June 2021 (6 months) Unaudited</i>	<i>1 January to 30 June 2020 (6 months) Unaudited</i>
<b>Directors' remuneration</b>	<b>1,463</b>	889	<b>2,807</b>	1,374
<b>Key management compensation:</b>				
Salaries, bonuses and other benefits	<b>2,878</b>	3,705	<b>6,281</b>	6,393
Post-employment benefits	<b>69</b>	167	<b>197</b>	236
	<b>2,947</b>	3,872	<b>6,478</b>	6,629
<b>Revenue earned from related parties</b>				
Other related parties	<b>5,283</b>	4,994	<b>10,506</b>	9,987
<b>Finance cost on borrowings</b>				
Associates	<b>1,321</b>	598	<b>2,865</b>	1,195
Shareholders	-	1,271	<b>909</b>	2,616
	<b>1,321</b>	1,869	<b>3,774</b>	3,811

**21. FINANCIAL RISK MANAGEMENT****Introduction**

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 2020.

The inherent risk relating to the Group's activities continues to be managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The Group is exposed to credit risk, liquidity risk, market risk (comprising, interest rate risk, foreign exchange risk and equity price risk) and operational risk.

**Liquidity risk & risk management**

The wider economy continues to be impacted by the COVID-19 crisis although there has been evidence of improving market conditions, for example oil prices increasing from USD 50 per barrel in Dec 2020 to USD 70 per barrel in June 2021. Similarly, S&P500 has increased by 14% during H1 2021. The Group continues to take various measures to manage its funding and liquidity risk including closely monitoring cash flows and forecasts across various scenarios.

For the Group, Liquidity risk is the risk that it will be unable to meet its funding requirements and arises principally on the Group's borrowings, payables and other credit balances and other financial liabilities. To limit this risk, management has arranged diversified funding sources, managed assets with liquidity in mind and monitored liquidity on a daily basis.

In addition, the Group is strengthening its liquidity buffer through working capital management and fund-raising initiatives. The Group believes that the current cash and cash equivalents provide sufficient level of liquidity and stability during this time of uncertainty.

The Group's approach aims to always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses and without materially affecting the return on capital. The Risk Committee of the Board ("RCB") and Asset Liabilities Committee ("ALCO") set minimum liquidity ratios and cash balance requirements which are then approved by the Board. The Group collates the projected cash flow and liquidity profiles of its financial assets and financial liabilities. It maintains a portfolio of short-term liquid assets to cover requirements, largely consisting of short-term liquid placements with financial institutions.

The various liquidity monitoring metrics are monitored by both the RCB and ALCO against internally set limits which have been approved by the Board. The primary measures of liquidity used by the Group are stock of liquid assets, liquidity coverage ratio and net funding requirement. The oversight of the liquidity risk by the Board, RCB and ALCO also includes the monitoring of the Group's compliance with the debt covenants.

# SHUAA CAPITAL PSC

## Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2021 (continued)

(Currency - Thousands of U.A.E. Dirhams)

### 21. FINANCIAL RISK MANAGEMENT (continued)

#### COVID-19 impact on measurement of ECL

The IFRS 9 framework requires the estimation of Expected Credit Loss (ECL) based on current and forecast economic conditions. Accordingly, the Group has reviewed the potential impact of COVID-19 outbreak on the inputs and assumptions for IFRS 9 ECL measurement in light of available information. Overall, the COVID-19 situation remains fluid and is rapidly evolving at this point, which makes it challenging to reliably reflect impacts in our ECL estimates. Notwithstanding this, recognizing that the outbreak is expected to have an impact on the macro-economic environment beyond reasonable doubt, the Group has adjusted the macro-economic factors in the ECL model on the basis of available information.

The Group has also reassessed its exposures as at period end and observed no significant deterioration in credit risk due to COVID-19.

### 22. FAIR VALUE OF FINANCIAL INSTRUMENTS

#### Fair value measurement of financial assets at FVTPL and FVTOCI

Fair values for the Group's financial assets at FVTPL and FVTOCI (level 3) are measured using market or income approaches.

Considerable judgment may be required in developing estimates of fair value, particularly for financial instruments classified as Level 3 in the fair value hierarchy as such estimates incorporate market unobservable inputs that require management to use its own assumptions. While the Group's valuation techniques for Level 3 financial instruments remained unchanged during the six months ended 30 June 2021, the development of market unobservable inputs included added estimation uncertainty due to the global economic and social disruption caused by the ongoing and developing COVID-19 pandemic. Estimates of the amount and timing of future cash flows, discount rates, growth rates and other inputs incorporated into fair value measurements of Level 3 financial instruments are inherently more difficult to determine due to the unpredictable duration and impacts of the COVID-19 pandemic.

The uncertainty in those assumptions have been incorporated into the Group's valuations of Level 3 financial instruments primarily through updated cash flows and discount rates, as applicable. Additional volatility in the fair values of Level 3 financial instruments may arise in future periods if actual results differ materially from the Group's estimates.

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;
- 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 and liabilities recorded at fair value by level of the fair value hierarchy:

	<b>30 June 2021 (Unaudited)</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial Assets</b>				
FVTPL				
Equity investments	1,933,845	70	1,920	1,935,835
Fixed income investments	71,927	9,270	1,133	82,330
Fund investments	-	88,019	495,670	583,689
FVTOCI				
Equity investments	78,164	-	-	78,164
Fund investments	-	-	51,257	51,257
	<u>2,083,936</u>	<u>97,359</u>	<u>549,980</u>	<u>2,731,275</u>
<b>Financial Liabilities</b>				
FVTPL				
Payable to unit holders	8,951	6,878	-	15,829
	<u>8,951</u>	<u>719,126</u>	<u>-</u>	<u>719,126</u>
	<u>8,951</u>	<u>726,004</u>	<u>-</u>	<u>734,955</u>

## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2021 (continued)

(Currency - Thousands of U.A.E. Dirhams)

#### 22. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

	31 December 2020 (Audited)			Total
	Level 1	Level 2	Level 3	
<b>Financial Assets</b>				
FVTPL				
-Equity investments	1,722,623	154	2,299	1,725,076
-Fixed income investments	53,093	8,627	1,133	62,853
-Fund investments	-	97,079	414,919	511,998
FVTOCI				
-Equity investments	78,365	-	-	78,365
-Fund investments	-	-	50,707	50,707
	<u>1,854,081</u>	<u>105,860</u>	<u>469,058</u>	<u>2,428,999</u>
<b>Financial Liabilities</b>				
FVTPL				
Payable to unit holders	1,859	4,519	-	6,378
	-	578,757	-	578,757
	<u>1,859</u>	<u>583,276</u>	<u>-</u>	<u>585,135</u>

#### 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.

#### At fair value through profit or loss:

Investments carried at fair value through profit or loss 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.

#### At fair value through other comprehensive income:

Financial assets carried at FVTOCI are valued using quoted prices in active markets, valuation techniques or pricing models and consist of quoted 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.

## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2021 (continued)

(Currency - Thousands of U.A.E. Dirhams)

#### 22. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The following table shows the impact on the fair value of level 3 instruments reflecting change in underlying assumptions used in the valuation by class of instrument.

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and Key input(s)	Significant unobservable input(s)	Effect of changes in underlying assumptions 2021	Effect of changes in underlying assumptions 2020	Sensitivity analysis	Relationship of unobservable inputs to fair value
	30/6/21	31/12/20							
<b><i>FVTPL</i></b>									
Equity investments	1,920	2,299	3	NAV <sup>2</sup>	Net asset value	+/- 96	+/- 115	± 5% change in NAV, impacts fair value	The higher the discount rate, the lower the fair value
Fixed Income	1,133	1,133	3	Discounted cash flow <sup>1</sup>	Discount rate	+/- 11	+/- 11	± 1% change in discount rate, impacts fair value	The higher the discount rate, the lower the fair value
Fund investments	495,670	414,919	3	Discounted cash flow <sup>1</sup> and NAV <sup>2</sup>	Net asset value adjusted with market risk	+/- 24,783	+/- 20,836	± 5% change in NAV and 1% change in discount rate, impacts fair value	The higher the market risk, the lower the fair value and the higher the discount rate, the lower the fair value
<b><i>FVTOCI</i></b>									
Fund investments	51,257	50,707	3	NAV <sup>2</sup>	Net asset value	+/- 2,563	+/- 2,535	± 5% change in NAV, impacts fair value	The higher the market risk, the lower the fair value

#### Significant unobservable inputs in Level 3 instruments valuations

<sup>1</sup>Discounted cash flow models are used to fair value our investments. The cash flow model includes assumptions related to future cash inflows/outflows, discount rate and growth rate. The extent of the adjustment varied according to the characteristics of each investment.

<sup>2</sup>Net asset value represents the estimated value of a security based on valuations received from the investment or fund manager. The valuation of certain private equity securities is based on the economic benefit we derive from our investment.

#### Movements in level 3 financial assets measured at fair value

During the period, there were no transfers between levels.

The fair values of other financial instruments are not materially different from their carrying values at the reporting date

## SHUAA CAPITAL PSC

### Notes to the condensed consolidated interim financial statements for the six months ended 30 June 2021 (continued)

(Currency - Thousands of U.A.E. Dirhams)

#### 23. COMMITMENTS AND CONTINGENT LIABILITIES

	<b>30 June 2021</b> <b>Unaudited</b>	31 December 2020 <i>Audited</i>
Contingent liabilities	<b>12,857</b>	44,967

At 30 June 2021, the Group had capital commitments of 55,729 (31 December 2020: 137,883) with respect to project development.

#### 24. DISCONTINUED OPERATIONS

##### 24.1 Assets of a disposal group classified as held for sale

	<b>30 June 2021</b> <b>Unaudited</b>	31 December 2020 <i>Audited</i>
Assets held for sale (A)	<b>26,960</b>	214,911
Assets of a disposal group classified as held for sale	<b>727,092</b>	708,032
	<b>754,052</b>	922,943

##### 24.2 Liabilities of a disposal group classified as held for sale

	<b>502,611</b>	386,534
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On 31 December 2020, the Group exited 42.6% of its stake in Thalassa Investment LP without loss of control and the resulting impact was recognized in equity. The Group's stake now stands at 57.4%.

**A** - Includes value of a plot of land received as distribution in kind from an associate amounting to 2,229 (31 December 2020: 2,229), investment in associates of 18,914 (31 December 2020: 208,594) and property amounting to 5,817 (31 December 2020: 4,088). The Group intends to sell the assets in the near term.

#### 25. SUBSEQUENT EVENTS

There have been no significant subsequent events to the statement of financial position date that would affect the amounts reported in the condensed consolidated interim financial information as at and for the six months ended 30 June 2021.