

**SHUAA Capital PSC**

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS OF 30 JUNE 2008

TOGETHER WITH ACCOUNTANTS' REVIEW REPORT

## REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE DIRECTORS OF SHUAA CAPITAL PSC

### *Introduction*

We have reviewed the accompanying interim condensed consolidated financial statements of SHUAA Capital PSC and its subsidiaries ("the Group") as at 30 June 2008, comprising of the interim consolidated balance sheet as at 30 June 2008 and the related interim consolidated statements of income, changes in equity and cash flows for the three-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard IAS 34 *Interim Financial Reporting* ('IAS 34'). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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. Consequently, it 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 statements are not prepared, in all material respects, in accordance with IAS 34.



Signed by  
Ali H Issa  
Partner  
Registration No. 488

Dubai, United Arab Emirates  
3 August 2008

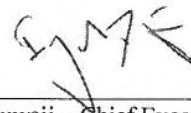
## SHUAA Capital PSC

## INTERIM CONSOLIDATED BALANCE SHEET

At 30 June 2008

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

|                                                        | <i>Notes</i> | <b>30 June 2008</b><br><i>Unaudited</i> | <b>31 March 2008</b><br><i>Audited</i> |
|--------------------------------------------------------|--------------|-----------------------------------------|----------------------------------------|
| <b>Assets</b>                                          |              |                                         |                                        |
| Cash and deposits with banks                           |              | 560,006                                 | 611,347                                |
| Receivables and other debit balances                   |              | 627,930                                 | 607,705                                |
| Investment securities                                  | 3            | 1,862,656                               | 1,909,091                              |
| Installment credits, loans and advances                |              | 1,065,015                               | 990,511                                |
| Investments available for sale                         | 4            | 413,484                                 | 416,312                                |
| Investments in associates                              | 5            | 1,117,706                               | 1,132,755                              |
| Fixed assets                                           |              | 26,236                                  | 23,649                                 |
| Goodwill                                               |              | 95,200                                  | 95,200                                 |
| <b>Total Assets</b>                                    |              | <b>5,768,233</b>                        | <b>5,786,570</b>                       |
| <b>Liabilities</b>                                     |              |                                         |                                        |
| Due to banks                                           | 6            | 1,002,178                               | 729,239                                |
| Payables and other credit balances                     |              | 960,147                                 | 944,677                                |
| Medium term debt                                       |              | 351,405                                 | 418,103                                |
| <b>Total Liabilities</b>                               |              | <b>2,313,730</b>                        | <b>2,092,019</b>                       |
| <b>Equity</b>                                          |              |                                         |                                        |
| Paid-up share capital                                  |              | 550,000                                 | 550,000                                |
| Treasury shares                                        |              | (13,475)                                | (13,475)                               |
| Employee stock option plan shares                      |              | (164,601)                               | (164,601)                              |
| Statutory reserve                                      |              | 553,140                                 | 553,140                                |
| Retained earnings                                      |              | 685,156                                 | 634,429                                |
| Proposed dividend                                      | 7            | -                                       | 247,500                                |
| Investment revaluation reserve                         | 8            | 73,494                                  | 113,810                                |
| Translation reserve                                    |              | 39,734                                  | 37,794                                 |
| Convertible bond                                       |              | 1,676,000                               | 1,676,000                              |
| <b>Equity attributable to equity holders of parent</b> |              | <b>3,399,448</b>                        | <b>3,634,597</b>                       |
| Minority Interest                                      |              | 55,055                                  | 59,954                                 |
| <b>Total Equity</b>                                    |              | <b>3,454,503</b>                        | <b>3,694,551</b>                       |
| <b>Total Liabilities and Equity</b>                    |              | <b>5,768,233</b>                        | <b>5,786,570</b>                       |
| <b>Contra accounts</b>                                 |              |                                         |                                        |
| Clients' funds under management                        | 12           | 15,619,495                              | 14,226,853                             |

  
 Iyad Duwaji – Chief Executive Officer

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

## INTERIM CONSOLIDATED INCOME STATEMENT

For the period ended 30 June 2008

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

|                                                                        | <i>Notes</i> | <i>1 April 2008 to<br/>30 June 2008<br/>(3 Months)<br/>Unaudited</i> | <i>1 April 2007 to<br/>30 June 2007<br/>(3 Months)<br/>Unaudited</i> |
|------------------------------------------------------------------------|--------------|----------------------------------------------------------------------|----------------------------------------------------------------------|
| Net income from investment securities                                  |              | 17,442                                                               | 52,324                                                               |
| Income from investments                                                |              | 19,452                                                               | 12,463                                                               |
| Fee and commission income                                              |              | 109,438                                                              | 68,287                                                               |
| Investment banking income                                              |              | 146,332                                                              | 133,074                                                              |
| Interest income                                                        |              | 41,147                                                               | 25,288                                                               |
| Interest expense                                                       |              | (16,051)                                                             | (19,868)                                                             |
| Net interest income                                                    |              | 25,096                                                               | 5,420                                                                |
| Income from associates                                                 |              | 5,129                                                                | 6,380                                                                |
| Operating income                                                       |              | 176,557                                                              | 144,874                                                              |
| General and administrative expenses                                    |              | (91,862)                                                             | (40,408)                                                             |
| Depreciation and amortisation                                          |              | (2,099)                                                              | (1,235)                                                              |
| Provisions                                                             |              | (16,455)                                                             | (28,128)                                                             |
| Operating expenses                                                     |              | (110,416)                                                            | (69,771)                                                             |
| <b>Profit for the period</b>                                           |              | <b>66,141</b>                                                        | <b>75,103</b>                                                        |
| <b>Attributable to:</b>                                                |              |                                                                      |                                                                      |
| Equity holders of the parent                                           |              | 67,083                                                               | 74,540                                                               |
| Minority Interests                                                     |              | (942)                                                                | 563                                                                  |
|                                                                        |              | <b>66,141</b>                                                        | <b>75,103</b>                                                        |
| <b>Earnings per share equity holders of the parent for the period:</b> |              |                                                                      |                                                                      |
| Basic earnings per share                                               | 9            | <b>AED 0.067</b>                                                     | AED 0.136                                                            |
| Diluted earnings per share                                             | 9            | <b>AED 0.075</b>                                                     | AED 0.136                                                            |

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

# SHUAA Capital PSC

## INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the period ended 30 June 2008

|                                                        | Attributable to equity holders of the Parent |                        |                                          |                          |                          |                          |                                       |                            |                         |                  | Minority interest | Total equity     |
|--------------------------------------------------------|----------------------------------------------|------------------------|------------------------------------------|--------------------------|--------------------------|--------------------------|---------------------------------------|----------------------------|-------------------------|------------------|-------------------|------------------|
|                                                        | <i>Paid-up share capital</i>                 | <i>Treasury shares</i> | <i>Employee stock option plan shares</i> | <i>Statutory reserve</i> | <i>Retained earnings</i> | <i>Proposed dividend</i> | <i>Investment revaluation reserve</i> | <i>Translation reserve</i> | <i>Convertible bond</i> | <i>Total</i>     |                   |                  |
| <b>Balance as of 1 April 2007 (Audited)</b>            | <b>550,000</b>                               | <b>(13,475)</b>        | <b>(174,659)</b>                         | <b>553,140</b>           | <b>513,123</b>           | <b>110,000</b>           | <b>2,189</b>                          | <b>2,330</b>               | <b>-</b>                | <b>1,542,648</b> | <b>4,593</b>      | <b>1,547,241</b> |
| Net movement in cumulative changes in fair value       | -                                            | -                      | -                                        | -                        | -                        | -                        | 6,826                                 | -                          | -                       | 6,826            | 25                | 6,851            |
| Currency translation differences                       | -                                            | -                      | -                                        | -                        | -                        | -                        | -                                     | 1,596                      | -                       | 1,596            | -                 | 1,596            |
| Total income and expense recognized directly in equity | -                                            | -                      | -                                        | -                        | -                        | -                        | 6,826                                 | 1,596                      | -                       | 8,422            | 25                | 8,447            |
| Profit for the period                                  | -                                            | -                      | -                                        | -                        | 74,540                   | -                        | -                                     | -                          | -                       | 74,540           | 563               | 75,103           |
| Total income and expense for the period                | -                                            | -                      | -                                        | -                        | 74,540                   | -                        | 6,826                                 | 1,596                      | -                       | 82,962           | 588               | 83,550           |
| Directors' remuneration                                | -                                            | -                      | -                                        | -                        | -                        | -                        | -                                     | -                          | -                       | -                | -                 | -                |
| Dividend paid                                          | -                                            | -                      | -                                        | -                        | -                        | (110,000)                | -                                     | -                          | -                       | (110,000)        | -                 | (110,000)        |
| Net movement in employee stock option plan shares      | -                                            | -                      | 866                                      | -                        | -                        | -                        | -                                     | -                          | -                       | 866              | -                 | 866              |
| <b>Balance as of 30 June 2007 (Unaudited)</b>          | <b>550,000</b>                               | <b>(13,475)</b>        | <b>(173,793)</b>                         | <b>553,140</b>           | <b>587,663</b>           | <b>-</b>                 | <b>9,015</b>                          | <b>3,926</b>               | <b>-</b>                | <b>1,516,476</b> | <b>5,181</b>      | <b>1,521,657</b> |
| <b>Balance as of 1 April 2008 (Audited)</b>            | <b>550,000</b>                               | <b>(13,475)</b>        | <b>(164,601)</b>                         | <b>553,140</b>           | <b>634,429</b>           | <b>247,500</b>           | <b>113,810</b>                        | <b>37,794</b>              | <b>1,676,000</b>        | <b>3,634,597</b> | <b>59,954</b>     | <b>3,694,551</b> |
| Net movement in cumulative changes in fair value       | -                                            | -                      | -                                        | -                        | -                        | -                        | (40,316)                              | -                          | -                       | (40,316)         | 20                | (40,296)         |
| Currency translation differences                       | -                                            | -                      | -                                        | -                        | -                        | -                        | -                                     | 1,940                      | -                       | 1,940            | 23                | 1,963            |
| Interest on convertible bond                           | -                                            | -                      | -                                        | -                        | (22,750)                 | -                        | -                                     | -                          | -                       | (22,750)         | -                 | (22,750)         |
| Total income and expense recognized directly in equity | -                                            | -                      | -                                        | -                        | (22,750)                 | -                        | (40,316)                              | 1,940                      | -                       | (61,126)         | 43                | (61,083)         |
| Profit for the period                                  | -                                            | -                      | -                                        | -                        | 67,083                   | -                        | -                                     | -                          | -                       | 67,083           | (942)             | 66,141           |
| Total income and expense for the period                | -                                            | -                      | -                                        | -                        | 44,333                   | -                        | (40,316)                              | 1,940                      | -                       | 5,957            | (899)             | 5,058            |
| Directors' remuneration                                | -                                            | -                      | -                                        | -                        | (7,459)                  | -                        | -                                     | -                          | -                       | (7,459)          | -                 | (7,459)          |
| Dividend paid                                          | -                                            | -                      | -                                        | -                        | -                        | (247,500)                | -                                     | -                          | -                       | (247,500)        | (4,000)           | (251,500)        |
| Dividend entitlement on treasury share held            | -                                            | -                      | -                                        | -                        | 1,350                    | -                        | -                                     | -                          | -                       | 1,350            | -                 | 1,350            |
| Share based payments charge                            | -                                            | -                      | -                                        | -                        | 12,503                   | -                        | -                                     | -                          | -                       | 12,503           | -                 | 12,503           |
| <b>Balance as of 30 June 2008 (Unaudited)</b>          | <b>550,000</b>                               | <b>(13,475)</b>        | <b>(164,601)</b>                         | <b>553,140</b>           | <b>685,156</b>           | <b>-</b>                 | <b>73,494</b>                         | <b>39,734</b>              | <b>1,676,000</b>        | <b>3,399,448</b> | <b>55,055</b>     | <b>3,454,503</b> |

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2008

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

|                                                                                           | Notes | 1 April 2008 to<br>30 June 2008<br>(3 Months)<br>Unaudited | 1 April 2007 to<br>30 June 2007<br>(3 Months)<br>Unaudited |
|-------------------------------------------------------------------------------------------|-------|------------------------------------------------------------|------------------------------------------------------------|
| <b>Cash flows from operating activities:</b>                                              |       |                                                            |                                                            |
| Profit for the period                                                                     |       | 66,141                                                     | 75,103                                                     |
| Adjustments for:                                                                          |       |                                                            |                                                            |
| Depreciation and amortisation                                                             |       | 2,099                                                      | 1,235                                                      |
| Income from investments in associates                                                     |       | (5,129)                                                    | (6,380)                                                    |
| Income from investments available for sale                                                |       | (12,820)                                                   | (11,866)                                                   |
| Employee stock option plan shares                                                         |       | 12,503                                                     | -                                                          |
| Provisions                                                                                |       | 16,455                                                     | 28,128                                                     |
| Other non-operating income                                                                |       | 60                                                         | 142                                                        |
| Operating profit before changes in operating assets and liabilities and other adjustments |       | 79,309                                                     | 86,362                                                     |
| Receivables and other debit balances                                                      |       | (20,225)                                                   | 380,047                                                    |
| Investment securities                                                                     |       | 46,435                                                     | (142,458)                                                  |
| Installment credits, loans and advances                                                   |       | (75,690)                                                   | (93,038)                                                   |
| Payables and other credit balances                                                        |       | (248,198)                                                  | (165,707)                                                  |
| Net cash flows used in (from) operating activities                                        |       | (218,369)                                                  | 65,206                                                     |
| <b>Cash flows from investing activities:</b>                                              |       |                                                            |                                                            |
| Additions to investments available for sale                                               |       | (72,680)                                                   | (27,397)                                                   |
| Proceeds from sale of investments available for sale                                      |       | 39,265                                                     | 29,242                                                     |
| Additions to associates                                                                   |       | (1,234)                                                    | -                                                          |
| Dividend received from associates                                                         |       | 32,082                                                     | 21,651                                                     |
| Purchase of fixed assets                                                                  |       | (4,686)                                                    | (2,458)                                                    |
| Net cash flows used in (from) investing activities                                        |       | (7,253)                                                    | 21,038                                                     |
| <b>Cash flows from financing activities:</b>                                              |       |                                                            |                                                            |
| Interest on convertible bond                                                              |       | (22,500)                                                   | -                                                          |
| Settlement of corporate bond                                                              |       | -                                                          | (88,152)                                                   |
| Decrease (Increase) in medium term debt                                                   |       | (66,699)                                                   | 96,693                                                     |
| Increase in amounts due to banks                                                          |       | 272,939                                                    | 26,030                                                     |
| Director's remunerations paid                                                             |       | (7,459)                                                    | -                                                          |
| Dividend paid                                                                             |       | (2,000)                                                    | -                                                          |
| Movement in employee stock option plan shares                                             |       | -                                                          | 866                                                        |
| Net cash from financing activities                                                        |       | 174,281                                                    | 35,437                                                     |
| Net (decrease) / increase in cash and cash equivalents                                    |       | (51,341)                                                   | 121,681                                                    |
| Cash and cash equivalents at beginning of the period                                      |       | 611,347                                                    | 135,983                                                    |
| <b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>                                     |       | <b>560,006</b>                                             | <b>257,664</b>                                             |

The attached notes 1 to 13 form part of these interim condensed consolidated financial statements.

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

**1 LEGAL STATUS AND ACTIVITIES**

SHUAA Capital Psc (the 'Company') is a public shareholding company established in Dubai, United Arab Emirates, pursuant to the 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 pursues a broad investment strategy with special emphasis on the Arab region in general, the U.A.E. and G.C.C. markets in particular and is actively involved in public and private capital markets in the region. The Company's shares are traded on the Dubai Financial Market in the United Arab Emirates and the Kuwait Stock Exchange.

The Company is licensed by the Central Bank of the United Arab Emirates to conduct financial investment business services including; underwriting of securities and other corporate finance activities, investment advisory services, asset and portfolio management and brokerage in local and international securities. The Company is required to comply with the relevant UAE laws and the regulations promulgated by the Central Bank of United Arab Emirates.

These interim condensed consolidated financial statements of the company and its subsidiaries ("the Group") were authorized for issue by the Board of Directors on 3<sup>rd</sup> August 2008.

**2 BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES**

The interim condensed consolidated financial statements for the three months ended 30 June 2008 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards, and should be read in conjunction with the Group's annual financial statements as at 31 March 2008.

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual financial statements for the year ended 31 March 2008.

**3 INVESTMENT SECURITIES**

Investment securities comprise the following:

|                         | <i><b>30 June<br/>2008<br/>Unaudited</b></i> | <i><b>31 March<br/>2008<br/>Audited</b></i> |
|-------------------------|----------------------------------------------|---------------------------------------------|
| Quoted fund investments | <b>1,011,800</b>                             | 992,540                                     |
| Equity securities       |                                              |                                             |
| Quoted                  | <b>585,396</b>                               | 671,590                                     |
| Unquoted                | <b>33,502</b>                                | 37,382                                      |
| Fixed income securities | <b>231,958</b>                               | 207,579                                     |
|                         | <b><u>1,862,656</u></b>                      | <b><u>1,909,091</u></b>                     |

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 June 2008

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

**4 INVESTMENTS AVAILABLE FOR SALE**

|                                                                                           | <i>30 June<br/>2008<br/>Unaudited</i> | <i>31 March<br/>2008<br/>Audited</i> |
|-------------------------------------------------------------------------------------------|---------------------------------------|--------------------------------------|
| Investments available for sale are stated at their fair value and comprise the following: |                                       |                                      |
| Quoted direct equity investments                                                          | 116,377                               | 158,936                              |
| Unquoted direct equity investments                                                        | 101,478                               | 29,267                               |
| Unquoted fund investments                                                                 | 195,629                               | 228,109                              |
|                                                                                           | <u>413,484</u>                        | <u>416,312</u>                       |

**5 INVESTMENTS IN ASSOCIATES**

The company has the following investments in associates:

|                                     | Country of<br>Incorporation | <i>Book value/Ownership %</i>     |                                  |
|-------------------------------------|-----------------------------|-----------------------------------|----------------------------------|
|                                     |                             | <i>30 June 2008<br/>Unaudited</i> | <i>31 March 2008<br/>Audited</i> |
| Porta Egypt for Packaging Materials | Egypt                       | 42,362 49.1%                      | 49,262 49.1%                     |
| Amwal                               | Qatar                       | 251,579 46.7%                     | 246,659 46.7%                    |
| Al-Kout Industrial Projects Company | Kuwait                      | 405,464 48.7%                     | 418,985 48.7%                    |
| Taghleef Industries L.L.C.          | U.A.E.                      | 141,082 23.4%                     | 139,176 23.4%                    |
| Orion Holdings Overseas             | U.A.E.                      | 277,219 20.0%                     | 278,673 20.0%                    |
|                                     |                             | <u>1,117,706</u>                  | <u>1,132,755</u>                 |

**6 DUE TO BANKS**

Due to banks comprise borrowings obtained from commercial banks in the ordinary course of business against the Group's established credit lines with these banks. Amounts due to banks are repayable within twelve months.

|                       | <i>30 June<br/>2008<br/>Unaudited</i> | <i>31 March<br/>2008<br/>Audited</i> |
|-----------------------|---------------------------------------|--------------------------------------|
| Bank overdrafts       | 234,011                               | 32,708                               |
| Other bank borrowings | 768,167                               | 696,531                              |
|                       | <u>1,002,178</u>                      | <u>729,239</u>                       |

The Group's banking facilities are renewable every six months and carry US Dollar LIBOR based floating interest rates plus a spread ranging between 1% and 3%. During the period ended 30 June 2008, the Group secured new credit facilities of 200,000 (31 March 2008 – 760,247).

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 June 2008

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

**7 DIVIDEND**

At the Group's Annual General Meeting held on 17 June 2008, a cash dividend of 45% of the paid-up share capital of 550,000,000 shares was approved. This dividend payable is classified under Payables and other credit balances and was paid on 6 July 2008.

**8 INVESTMENT REVALUATION RESERVE**

|                                                                       | <i>1 April 2008 to<br/>30 June 2008<br/>(3 Months)<br/>Unaudited</i> | <i>1 April 2007 to<br/>30 June 2007<br/>(3 Months)<br/>Unaudited</i> |
|-----------------------------------------------------------------------|----------------------------------------------------------------------|----------------------------------------------------------------------|
| <b>Available for sale investments</b>                                 |                                                                      |                                                                      |
| Balance, beginning of the period                                      | 107,784                                                              | 5,241                                                                |
| Realised during the period                                            | (9,073)                                                              | (11,497)                                                             |
| Net movement in fair values during the period                         | (40,009)                                                             | 12,156                                                               |
| Balance, end of the period                                            | 58,702                                                               | 5,900                                                                |
| <b>Group's share of investment revaluation reserves in associates</b> |                                                                      |                                                                      |
| Balance, beginning of the period                                      | 6,026                                                                | (3,052)                                                              |
| Net movement in fair values during the period                         | 8,766                                                                | 6,167                                                                |
| Balance, end of the period                                            | 14,792                                                               | 3,115                                                                |
| <b>Total investment revaluation reserve</b>                           | <b>73,494</b>                                                        | <b>9,015</b>                                                         |

**9 EARNINGS PER SHARE**

Basic earnings per share have been computed using the net income attributable to the ordinary equity holders of the parent 67,083 (30 June 2007 – 74,540) reduced by Director's fees of 7,459 (30 June 2007 – nil) and interest due on convertible bonds of 22,750 (30 June 2007 – nil). The adjusted earnings figure is divided by the weighted average number of ordinary shares outstanding of 547,000,000 (30 June 2007 – 547,000,000).

Diluted earnings per share have been computed using the net income attributable to the ordinary equity holders of the parent 67,083 reduced by the Director's fees 7,459 and divided by 797,000,000 corresponding to the sum of the weighted average number of ordinary shares outstanding and the number of ordinary shares to be issued on conversion of the convertible bond. During the same period of the prior year no instruments existed which would have diluted basic earnings per share.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 June 2008

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

**10 RELATED PARTY TRANSACTIONS**

A number of transactions are entered into with related parties in the normal course of business. Related parties represent associated companies, investment funds managed by the Group, directors and key management personnel of the Company. Pricing policies and terms of these transactions are approved by Group management.

Assets and liabilities with related parties are as follows:

|                                      | <i>30 June<br/>2008<br/>Unaudited</i> | <i>31 March<br/>2008<br/>Audited</i> |
|--------------------------------------|---------------------------------------|--------------------------------------|
| Receivables and other debit balances |                                       |                                      |
| Associates                           | 5,675                                 | 5,513                                |
| Other related parties                | 9,847                                 | 6,453                                |
| Loans and advances                   |                                       |                                      |
| Associates                           | 8,866                                 | 9,836                                |
| Other related parties                | 74,347                                | 74,347                               |
| Key management personnel             | 13,395                                | 9,134                                |
|                                      | <u>112,130</u>                        | <u>105,283</u>                       |

Advances to key management personnel reflects trading margin, secured against investments held and sums advanced under the staff assistance program available to all employees, for which no interest is charged.

|                                    | <i>30 June<br/>2008<br/>Unaudited</i> | <i>31 March<br/>2008<br/>Audited</i> |
|------------------------------------|---------------------------------------|--------------------------------------|
| Payables and other credit balances |                                       |                                      |
| Associates                         | 183,650                               | 183,650                              |
| Other related parties              | 6,676                                 | -                                    |
|                                    | <u>190,326</u>                        | <u>183,650</u>                       |

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

|                            | <i>1 April 2008 to<br/>30 June 2008<br/>(3 Months)<br/>Unaudited</i> | <i>1 April 2007 to<br/>30 June 2007<br/>(3 Months)<br/>Unaudited</i> |
|----------------------------|----------------------------------------------------------------------|----------------------------------------------------------------------|
| Interest income            |                                                                      |                                                                      |
| Associates                 | 66                                                                   | 173                                                                  |
| Other related parties      | 222                                                                  | 607                                                                  |
| Fees and commission income |                                                                      |                                                                      |
| Other related parties      | 54,939                                                               | 7,684                                                                |
| Income from investments    |                                                                      |                                                                      |
| Other related parties      | 3,834                                                                | 11,192                                                               |
|                            | <u>59,061</u>                                                        | <u>19,656</u>                                                        |

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

## 11 SEGMENTAL INFORMATION

The Group accounts for its activities on the basis of seven main business segments:

**Principal Investments** is the proprietary, multi-strategy, investment arm of SHUAA. The objective of this business is to enhance SHUAA's shareholder value by actively investing in a diversified portfolio across global markets and across asset classes, with a directional bias towards MENA and Asia.

**Private Equity** currently manages two private equity funds as well as the Group's heritage investments. SHUAA Partners Ltd, is the Group's private equity brand and is a DIFC category two licensed company staffed by a team of investment experts with a proven track record and a deep understanding of public and private investments in the GCC and wider MENA region.

**Asset Management** manages 18 investment portfolios and funds spanning fifteen 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 debt as well as Shariah compliant portfolios and investment funds using both active and passive management styles.

**Brokerage** operates under the brand of SHUAA Securities and acts as principal and agent, providing custody and clearing services to clients providing access to regional exchanges.

**Investment Banking** provides corporate finance advisory as well as equity and debt capital markets, structured investments and other services. Other services include private placements, public offerings of equity and debt securities, trade sales, mergers, acquisitions, divestitures, spin-offs, syndications, sales and trading and structured products.

**Finance** operates under the brand of Gulf Finance Corporation, and is primarily engaged in asset backed lending with a primary focus on construction equipment finance.

**Corporate** manages future corporate development and controls all cash and shared service expenses related to the entire Group. All investments in associates are incubated within this business segment which also comprises, strategy and business development, legal and compliance, finance, operations, risk management, investor relations, marketing communications, and human resources, including Group wide bonus and employee compensation and benefits.

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 June 2008

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

## 11 SEGMENTAL INFORMATION (continued)

The financial performance and position of these business segments are shown below:

| 1 April 2008 to 30 June 2008<br>(3 months) Unaudited |                          |                   |                     |                       |           |         |           |           |
|------------------------------------------------------|--------------------------|-------------------|---------------------|-----------------------|-----------|---------|-----------|-----------|
|                                                      | Principal<br>Investments | Private<br>Equity | Asset<br>Management | Investment<br>Banking | Brokerage | Finance | Corporate | Total     |
| Operating Income                                     | 3,246                    | 5,991             | 62,774              | 24,808                | 29,256    | 18,894  | 31,588    | 176,557   |
| Profit for the period<br>Attributable to:            | (5,369)                  | 1,859             | 50,545              | 16,779                | 10,925    | 11,446  | (20,044)  | 66,141    |
| Equity Holders of the Parent                         | (5,369)                  | 1,859             | 50,545              | 16,779                | 10,447    | 11,446  | (18,624)  | 67,083    |
| Minority interests                                   | -                        | -                 | -                   | -                     | 478       | -       | (1,420)   | (942)     |
| 30 June 2008 (Unaudited)                             |                          |                   |                     |                       |           |         |           |           |
|                                                      | Principal<br>Investments | Private<br>Equity | Asset<br>Management | Investment<br>Banking | Brokerage | Finance | Corporate | Total     |
| Assets                                               | 1,833,393                | 55,944            | 13,896              | 148,641               | 470,769   | 796,513 | 2,449,077 | 5,768,233 |
| Liabilities                                          | 272,621                  | 1,219             | 2,466               | 57,518                | 228,685   | 536,028 | 1,215,193 | 2,313,730 |
| 1 April 2007 to 30 June 2007<br>(3 months) Unaudited |                          |                   |                     |                       |           |         |           |           |
|                                                      | Principal<br>Investments | Private<br>Equity | Asset<br>Management | Investment<br>Banking | Brokerage | Finance | Corporate | Total     |
| Operating Income                                     | 57,637                   | 5,102             | 8,489               | 29,935                | 22,107    | 12,041  | 9,563     | 144,874   |
| Profit for the period<br>Attributable to:            | 33,468                   | 2,290             | 1,401               | 23,236                | 10,126    | 7,550   | (2,968)   | 75,103    |
| Equity Holders of the Parent                         | 33,468                   | 2,290             | 1,401               | 23,236                | 9,563     | 7,550   | (2,968)   | 74,540    |
| Minority interests                                   | -                        | -                 | -                   | -                     | 563       | -       | -         | 563       |
| 31 March 2008 (Audited)                              |                          |                   |                     |                       |           |         |           |           |
|                                                      | Principal<br>Investments | Private<br>Equity | Asset<br>Management | Investment<br>Banking | Brokerage | Finance | Corporate | Total     |
| Assets                                               | 1,923,625                | 50,507            | 198,116             | 184,485               | 495,970   | 687,667 | 2,246,200 | 5,786,570 |
| Liabilities                                          | 19,556                   | 402               | -                   | 57,505                | 272,621   | 438,628 | 1,303,307 | 2,092,019 |

## 12 CLIENTS' FUNDS UNDER MANAGEMENT

The Company is licensed as a financial services company regulated by the U.A.E. Central Bank (Note 1). At 30 June 2008, clients' funds were managed in a fiduciary capacity, without risk or recourse to the Company. These assets are considered as off-balance sheet items and do not constitute part of the Company's assets.

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

**13 COMMITMENTS AND CONTINGENT LIABILITIES**

The Group had the following outstanding commitments and contingent liabilities:

|                                         | <i><b>30 June<br/>2008<br/>Unaudited</b></i> | <i><b>31 March<br/>2008<br/>Audited</b></i> |
|-----------------------------------------|----------------------------------------------|---------------------------------------------|
| Letters of guarantee                    | <b>245,865</b>                               | 245,865                                     |
| Commitments to acquire financial assets | <b>275,599</b>                               | 261,623                                     |
| Corporate guarantee                     | <b>202,250</b>                               | 202,250                                     |

The Group has entered into a commitment to purchase four regional brokerage businesses from Orion Holdings Overseas, in consideration for the issue of 6.9% of the share capital of SHUAA Securities Ltd, a new subsidiary which will be created to act as holding company for these new regional brokerage businesses plus the Group's established UAE brokerage business Emirates Securities LLC. The Group has granted to Orion Holdings Overseas the option to purchase a further 10% of SHUAA Securities Ltd at an agreed price multiple based on the 2008 profit of this new entity. This option expires if not exercised by June 2009.

The Group has been granted by Orion Holdings Overseas the option to purchase a further 10% of Orion Holdings Overseas at an agreed price multiple based on the 2008 profit of this entity. This option expires if not exercised by April 2009.