

SHUAA Capital PSC

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2009

**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 2009, comprising of the interim consolidated statement of financial position as at 30 June 2009 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the six-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
30 July 2009

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2009

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

		30 June 2009 Unaudited	31 December 2008 Audited	30 June 2008 Unaudited
	<i>Notes</i>			
Assets				
Cash and deposits with banks		309,467	390,089	560,006
Receivables and other debit balances		256,967	272,030	627,930
Investment securities	3	659,644	988,600	1,862,656
Installment credits, loans and advances		952,112	1,218,876	1,065,015
Investments available for sale	4	318,137	325,598	413,484
Investments held to maturity	5	146,176	151,278	-
Investments in associates	6	799,829	900,689	1,117,706
Fixed assets		32,183	34,243	26,236
Goodwill	7	103,794	95,200	95,200
Total Assets		3,578,309	4,376,603	5,768,233
Liabilities				
Due to banks	8	614,803	1,190,254	1,002,178
Payables and other credit balances		738,647	728,952	960,147
Medium-term debt	9	58,332	189,440	351,405
Total Liabilities		1,411,782	2,108,646	2,313,730
Equity Attributable to Equity Holders of the Parent				
Share capital		550,000	550,000	550,000
Treasury shares	10	(13,475)	(13,475)	(13,475)
Employee stock option plan shares	11	(122,875)	(129,424)	(164,601)
Statutory reserve		553,140	553,140	553,140
Accumulated losses/retained earnings		(519,423)	(398,551)	685,156
Investment revaluation reserve	12	16,740	(28,688)	73,494
Translation reserve		(5,307)	14,654	39,734
Convertible bond	13	1,676,000	1,676,000	1,676,000
		2,134,800	2,223,656	3,399,448
Minority interest		31,727	44,301	55,055
Total Equity		2,166,527	2,267,957	3,454,503
Total Liabilities and Equity		3,578,309	4,376,603	5,768,233
Contra accounts				
Client's funds under management	19	3,573,852	4,707,704	15,596,663



Majid Saif Al Ghurair – Chairman

SHUAA Capital PSC

INTERIM CONSOLIDATED STATEMENT OF INCOME

30 June 2009

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

		<i>1 April 2009 to 30 June 2009 (3 Months) Unaudited</i>	<i>1 January 2009 to 30 June 2009 (6 Months) Unaudited</i>	<i>1 April 2008 to 30 June 2008 (3 Months) Unaudited</i>	<i>1 January 2008 to 30 June 2008 (6 Months) Unaudited</i>
	<i>Notes</i>				
Interest income		35,401	80,158	41,147	79,273
Interest expense		(20,693)	(46,815)	(16,051)	(37,883)
Net interest income		14,708	33,343	25,096	41,390
Net income from investment securities		95,816	27,279	17,442	(16,008)
Income from investments		(6,309)	(4,119)	19,452	15,265
Net fees and commissions		38,374	66,424	109,438	226,105
Investment banking income		127,881	89,584	146,332	225,362
Share of profit/(loss) of associates		26,512	(16,264)	5,129	17,481
Net operating income		169,101	106,663	176,557	284,233
General and administrative expenses		(63,399)	(136,539)	(91,862)	(182,951)
Depreciation and amortisation		(2,748)	(5,617)	(2,099)	(4,110)
Provisions	6	(14,439)	(78,230)	(16,455)	22,072
Operating expenses		(80,586)	(220,386)	(110,416)	(164,989)
Profit/(Loss) for the period		88,515	(113,723)	66,141	119,244
Attributable to:					
Minority interest		(3,181)	(7,505)	(942)	(6,730)
Equity holders of the parent		91,696	(106,218)	67,083	125,974
Earnings/(loss) per share (equity holders of the parent) for the period					
Basic earnings/(loss) per share (in AED)	14	0.162	(0.246)	0.067	0.133
Diluted earnings/(loss) per share (in AED)	14	0.086	(0.100)	0.056	0.112

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

SHUAA Capital PSC

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

30 June 2009

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

	<i>1 April 2009 to 30 June 2009 (3 Months) Unaudited</i>	<i>1 January 2009 to 30 June 2009 (6 Months) Unaudited</i>	<i>1 April 2008 to 30 June 2008 (3 Months) Unaudited</i>	<i>1 January 2008 to 30 June 2008 (6 Months) Unaudited</i>
Profit/(loss) for the period	88,515	(113,723)	66,141	119,244
Other comprehensive income/(loss)				
Net gains/(losses) on available for sale investments	33,091	33,549	(49,062)	(171,821)
Share of other comprehensive income of associates	(952)	11,879	8,766	9,202
Exchange differences on translation of foreign operations	5,974	(19,942)	1,963	14,245
Other comprehensive profit/(loss) for the period	38,113	25,486	(38,333)	(148,374)
Total comprehensive profit/(loss) for the period	126,628	(88,237)	27,808	(29,130)
Attributable to:				
Minority interest	(3,129)	(7,486)	(899)	(6,899)
Equity holders of the parent	<u>129,757</u>	<u>(80,751)</u>	<u>28,707</u>	<u>(22,231)</u>

SHUAA Capital psc

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

30 June 2009

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

	<i>1 January 2009 to 30 June 2009 (6 Months) Unaudited</i>	<i>1 January 2008 to 30 June 2008 (6 Months) Unaudited</i>
Operating activities		
(Loss)/profit for the period	(113,723)	119,244
Adjustments:		
Depreciation	5,617	4,110
Unrealised losses/(gains) on investment securities	(127,704)	(77,729)
Unrealised losses/(gains) from investments in associates	16,264	(17,481)
Income from investments available for sale	5,708	(27,502)
Income from investments held to maturity	5,102	-
Share based payments charge	20,135	24,400
Provisions	78,230	(22,072)
Operating (loss)/gain before changes in operating assets and liabilities	(110,371)	2,970
Changes in operating assets and liabilities:		
Receivables and other debit balances	16,137	(215,244)
Installment credits, loans and advances	262,719	(228,506)
Payables and other credit balances	16,993	(122,509)
Net purchase/sale of investment securities	456,660	178,017
Net cash from / (used in) operating activities	642,138	(385,272)
Investing activities		
Purchase of investments available for sale	(8,732)	(127,783)
Sale of investments available for sale	9,733	49,143
Additions to investments in associates	-	(95,373)
Dividends received from associates	-	32,082
Addition to investment in subsidiaries/minority interest	(13,682)	58,745
Purchase of fixed assets	(3,557)	(11,142)
Net cash used in investing activities	(16,238)	(94,328)
Financing activities		
Interest on convertible bond	-	(45,750)
Decrease in medium term debt	(57,648)	(156,333)
Decrease in amounts due to banks	(648,910)	(109,807)
Director's remunerations	-	(7,459)
Dividends	-	(2,000)
Movement in employee stock option plan shares	20	-
Net cash used in financing activities	(706,538)	(321,349)
Decrease in cash and cash equivalents	(80,638)	(800,949)
Foreign currency translation	16	978
Cash and cash equivalents at beginning of the period	390,089	1,359,977
Cash and cash equivalents at end of the period	309,467	560,006

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

SHUAA Capital PSC

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

30 June 2009

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

Equity attributable to shareholders of the Parent

	Share capital	Treasury shares	Employee stock option plan shares	Statutory reserve	Retained earnings	Investment revaluation reserve	Translation reserve	Convertible bond	Total	Minority interest	Total
Balance as of 1 January 2008 (Unaudited)	550,000	(13,475)	(139,934)	553,140	929,676	235,921	25,512	1,676,000	3,816,840	7,209	3,824,049
Total comprehensive income for the period	-	-	-	-	125,974	(162,427)	14,222	-	(22,231)	(6,899)	(29,130)
Directors' remuneration	-	-	-	-	(7,459)	-	-	-	(7,459)	-	(7,459)
Dividend paid	-	-	-	-	(246,150)	-	-	-	(246,150)	(4,000)	(250,150)
Interest on convertible bond	-	-	-	-	(45,500)	-	-	-	(45,500)	-	(45,500)
Minority interest arising from acquisition of subsidiary	-	-	-	-	-	-	-	-	-	58,745	58,745
Net movement in employee stock option plan shares	-	-	(24,667)	-	(17,000)	-	-	-	(41,667)	-	(41,667)
Share based payments charge	-	-	-	-	24,194	-	-	-	24,194	-	24,194
Share based payments charge - Adjustment	-	-	-	-	(78,579)	-	-	-	(78,579)	-	(78,579)
Balance as of 30 June 2008 (Unaudited)	550,000	(13,475)	(164,601)	553,140	685,156	73,494	39,734	1,676,000	3,399,448	55,055	3,454,503

Equity attributable to shareholders of the Parent

	Share capital	Treasury shares	Employee stock option plan shares	Statutory reserve	Retained earnings	Investment revaluation reserve	Translation reserve	Convertible bond	Total	Minority interest	Total
Balance as of 1 January 2009 (Audited)	550,000	(13,475)	(129,424)	553,140	(398,551)	(28,688)	14,654	1,676,000	2,223,656	44,301	2,267,957
Total comprehensive income for the period	-	-	-	-	(106,218)	45,428	(19,961)	-	(80,751)	(7,486)	(88,237)
Interest on convertible bond	-	-	-	-	(28,240)	-	-	-	(28,240)	-	(28,240)
Acquisition of minority interest	-	-	-	-	-	-	-	-	-	(5,088)	(5,088)
Net movement in employee stock option plan shares	-	-	6,549	-	(6,549)	-	-	-	-	-	-
Share based payments charge	-	-	-	-	20,135	-	-	-	20,135	-	20,135
Balance as of 30 June 2009 (Unaudited)	550,000	(13,475)	(122,875)	553,140	(519,423)	16,740	(5,307)	1,676,000	2,134,800	31,727	2,166,527

The attached notes 1 to 21 form part of these interim condensed consolidated financial statements.

SHUAA Capital psc

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2009

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

1. LEGAL STATUS AND ACTIVITIES

The interim condensed consolidated financial statements of SHUAA Capital psc and its subsidiaries ("the Group") for the period ended 30 June 2009 were authorised for issue in accordance with a resolution of the Directors on 30 July 2009.

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 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.

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.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial statements of the Group have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting.

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 consolidated financial statements for the period ended 31 December 2008, except as noted below.

During the period, the Group has adopted the following standard effective for the annual periods beginning on or after 1 January 2009.

IAS 1 'Presentation of Financial Statements' (Revised):

The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented as a single line. In addition, the Standard introduces the statement of comprehensive income; it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present two statements.

3. INVESTMENT SECURITIES

Investment securities comprise the following:

	30 June 2009 Unaudited	31 December 2008 Audited
Fund investments		
Quoted	171,028	294,443
Unquoted	230,222	340,352
Equity securities		
Quoted	90,493	137,862
Unquoted *	34,966	38,829
Fixed income securities	132,935	177,114
	659,644	988,600

* Unquoted equities are designated as fair value investments through profit and loss. All other investment securities are held for trading.

SHUAA Capital psc

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2009

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

4. INVESTMENTS AVAILABLE FOR SALE

Investments available for sale comprise the following:

	30 June 2009 Unaudited	31 December 2008 Audited
Quoted direct equity investments	52,762	46,330
Unquoted direct equity investments	64,751	96,317
Unquoted fund investments	200,624	182,951
	318,137	325,598

5. INVESTMENTS HELD TO MATURITY

Investments held to maturity comprise the following:

	30 June 2009 Unaudited	31 December 2008 Audited
Fixed income securities	146,176	151,278
	146,176	151,278

The quoted market value of fixed income securities held to maturity as of 30 June 2009 is 112,537 (31 December 2008 95,245).

6. INVESTMENTS IN ASSOCIATES

The Group has the following investments in associates:

	Country of Incorporation	Book value/Ownership %	
		30 June 2009 Unaudited	31 December 2008 Audited
Amwal	Qatar	194,528 46.70%	201,466 46.70%
Al-Kout Industrial Projects Company	Kuwait	326,421 48.70%	330,751 48.70%
Taghleef Industries L.L.C.	U.A.E.	125,615 23.40%	158,742 23.40%
Orion Holdings Overseas	U.A.E.	22,956 20.00%	92,189 20.00%
City Engineering LLC	U.A.E.	37,257 40.00%	29,600 40.00%
Septeck Holding Limited	U.A.E.	93,052 49.00%	87,941 49.00%
		799,829	900,689

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2009

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

6. INVESTMENTS IN ASSOCIATES - continued

Orion Holdings Overseas

Orion Holdings Overseas is a company registered in the Dubai International Financial Center, engaged in prime brokerage, clearing and financial IT solutions. During the period, Orion Holdings Overseas reported trading losses, which based on the requirements of IAS 28, investments in associates, were equity accounted for by the Group. Trading losses may be an indication of impairment and as such the Group reviewed the carrying value of its investment. The review concluded that the investment was impaired, based on an assessment of the fair value less cost to sell of the investment, and a provision of 59,172 was recognised in the current period.

The Company has various legal cases ongoing in connection with the Orion Holdings Overseas acquisition. It is management's view that the likelihood of the Company incurring further liability as a consequence of these legal cases is remote.

7. GOODWILL

The movement in goodwill is presented below:

	<i>1 January 2009 to 30 June 2009 (6 Months) Unaudited</i>	<i>1 January 2008 to 30 June 2008 (6 Months) Unaudited</i>
Balance, beginning of period	95,200	95,200
Acquisitions during the period	8,594	-
Balance, end of period	<u>103,794</u>	<u>95,200</u>

On 1 January 2009, the Group acquired an additional 5% of the voting shares of SHUAA Securities LLC, taking its effective ownership to 93%. Cash consideration of 13,682 was paid. The book value of the net assets of SHUAA Securities LLC at this date was 101,766 and the book value of the additional interest acquired was 5,088. The difference of 8,594, between the consideration and the book value of the interest acquired, has been recognised as goodwill.

8. 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 2009 Unaudited</i>	<i>31 December 2008 Audited</i>
Bank overdrafts	207,587	487,204
Term loans repayable within twelve months	<u>407,216</u>	<u>703,050</u>
	<u>614,803</u>	<u>1,190,254</u>

The Group's banking facilities are renewable every six months and carry EBOR based floating interest rates plus a spread ranging between 2.5% and 5%.

At 30 June 2009, letters of guarantee on behalf of the Group amounting to 192,158 had been provided by the Group's bankers. These guarantees are a standard mechanism used within the regions banking structures and financial exchanges to facilitate activities. It is anticipated that no material liabilities will arise from these guarantees.

SHUAA Capital psc

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2009

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

9. MEDIUM-TERM DEBT

Medium-term debt comprises the following:

	<i>30 June 2009 Unaudited</i>	<i>31 December 2008 Audited</i>
Term loans	<u>58,332</u>	<u>189,440</u>
	<u>58,332</u>	<u>189,440</u>

10. TREASURY SHARES

The Group held the following treasury shares at 30 June 2009:

	<i>30 June 2009 Unaudited</i>	<i>31 December 2008 Audited</i>
Number of treasury shares	3,000,000	3,000,000
Treasury share as percentage of total shares in issue	0.5%	0.5%
Cost of treasury shares	13,475	13,475
Market value of treasury shares	5,400	3,000

No treasury shares movement was recorded during these periods.

11. EMPLOYEE STOCK OPTION PLAN SHARES

The following employee stock option plan shares were held in trust at 30 June 2009:

	<i>30 June 2009 Unaudited</i>	<i>31 December 2008 Audited</i>
Number of shares	30,630,070	32,262,570
Share as percentage of total shares in issue	5.6%	5.9%
Cost of shares	122,875	129,424
Market value of shares	55,134	32,263

Movement in employee stock option plan shares was as follows:

	<i>Number of shares</i>	
	<i>1 January 2009 to 30 June 2009 (6 Months) Unaudited</i>	<i>1 January 2008 to 30 June 2008 (6 Months) Unaudited</i>
Balance at the beginning of the period	32,262,570	40,363,411
Executed options	<u>(1,632,500)</u>	<u>(3,271,334)</u>
Balance at the end of the period	<u>30,630,070</u>	<u>37,092,077</u>

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2009

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

12. INVESTMENT REVALUATION RESERVE

	<i>1 January 2009 to 30 June 2009 (6 Months) Unaudited</i>	<i>1 January 2008 to 30 June 2008 (6 Months) Unaudited</i>
Available for sale investments		
Balance, beginning of the period	(14,194)	230,331
Realised during the period	(216)	(512)
Net movement in fair values during the period	<u>33,765</u>	<u>(171,117)</u>
Balance, end of the period	<u>19,355</u>	<u>58,702</u>
Group's share of investment revaluation reserves in associates		
Balance, beginning of the period	(14,494)	5,590
Net movement in fair values during the period	<u>11,879</u>	<u>9,202</u>
Balance, end of the period	<u>(2,615)</u>	<u>14,792</u>
Total investment revaluation reserve	<u><u>16,740</u></u>	<u><u>73,494</u></u>

13. CONVERTIBLE BOND

On 31 October 2007 the Group issued for AED 1,676,000 convertible notes ("the Notes") with a nominal value of AED 1,500,000 and a one-year maturity, to Dubai Banking Group pjsc. The Notes bear interest at the rate of 6% on the nominal amount, representing an effective interest rate of 5.4% on the subscription amount. Interest is payable quarterly. The Note Certificate provides that on maturity the Notes shall be converted at the option of either the holder or the issuer into 250 million shares of the Group, representing an effective conversion rate of AED 6.0 per share.

The maturity date of the Notes was 31 October 2008. In advance of the maturity date, Dubai Banking Group pjsc declined to exercise its right to convert the Notes within the time provided, whereupon the Group gave notice of its intention to exercise its parallel right to convert the Notes into shares, instead of redeeming them in cash. Dubai Banking Group pjsc then served successive notices rejecting conversion and presenting alternative proposals for resolution, and otherwise requesting recovery of the face value of the Notes and related amounts.

On 2 November 2008 it was mutually agreed in a Memorandum of Understanding ("the MOU") to attempt to resolve the dispute by, inter alia, seeking the support of the Group's shareholders to extend the maturity date of the Notes for a further year, until 31 October 2009, with the possibility by mutual consent to extend the maturity date for a further year, to 31 October 2010. In the MOU it was agreed that if the matter was not resolved by the Final Date specified therein (25 January 2009), that the parties would revert to their positions as of 31 October 2008. The Final Date was subsequently extended in writing several times.

A general meeting of shareholders was called and convened on 1 March 2009 and a resolution to authorize the proposed extension of the maturity date was passed. Dubai Banking Group pjsc subsequently declined to execute documentation for an extension that confirmed the original contractual terms, providing for conversion at the option of either the holder or the issuer.

At an extraordinary general meeting of shareholders, held on 15 April 2009, the Group's board of directors was granted additional authority, including the authority to re-negotiate and amend the terms of the Notes, if necessary, in order to agree upon a resolution.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2009

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

13. CONVERTIBLE BOND - continued

After several unsuccessful efforts to achieve a resolution, on 16 June 2009 the Group attempted to exercise its right to convert the notes by requesting the Dubai Financial Market to register 250 millions shares to Dubai Banking Group pjsc. That attempt was opposed by Dubai Banking Group pjsc, which expressly reserved the right to take legal action to recover the face value of the Notes. The Dubai Financial Market declined to act without the approval of the Securities and Commodities Authority. The Securities and Commodities Authority took the position that conversion would not be effected except with the agreement of both SHUAA and Dubai Banking Group pjsc.

On 24 June 2009, at a meeting supervised by the Securities and Commodities Authority, the Group and Dubai Banking Group pjsc agreed on a settlement of their differences whereby the Notes will be converted into 515 million shares, representing a 48.4% stake in the Group's share capital post conversion. The conversion will be effected in accordance with UAE legal procedures and is subject to final approval by the concerned authorities. Additionally it was agreed that interest will be paid in the amount of 45,000, representing interest on the Note from 1st November 2008 until the date of registration of the new shares. Payment is due on or before 24 June 2010.

14. EARNINGS PER SHARE

Basic earnings per share have been computed using the net income attributable to the ordinary equity holders of the parent (106,218) (30 June 2008 125,974) adjusted by interest due on convertible bonds 28,240 (30 June 2008 45,500). The adjusted earnings figure is divided by the weighted average number of ordinary shares outstanding 547,000,000 (30 June 2008 547,000,000).

Diluted earnings per share have been computed using the net income attributable to the ordinary equity holders of the parent (106,218) (30 June 2008 125,974) divided by 1,062,000,000 (30 June 2008 1,062,000,000), 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.

15. 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 Group. Pricing policies and terms of these transactions are approved by Group management.

Assets and liabilities with related parties are as follows:

	<i>30 June 2009 Unaudited</i>	<i>31 December 2008 Audited</i>
Receivables and other debit balances		
Associates	26	1,300
Other related parties	6,037	31,586
Loans and advances		
Other related parties	74,347	74,347
Key management personnel	3,413	1,668
	<u>83,823</u>	<u>108,901</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.

SHUAA Capital PSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS 30 June 2009

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

15. RELATED PARTY TRANSACTIONS - continued

	<i>30 June 2009 Unaudited</i>	<i>31 December 2008 Audited</i>
Payables and other credit balances		
Associates	-	22,956
Other related parties	-	34,300
	<u>-</u>	<u>57,256</u>

On 1 January 2009, the Group acquired an additional 5% of the voting shares of SHUAA Securities LLC (note 7). These shares were held previously by a related party.

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

	<i>1 January 2009 to 30 June 2009 (6 Months) Unaudited</i>	<i>1 January 2008 to 30 June 2008 (6 Months) Unaudited</i>
Interest income		
Associates	-	209
Other related parties	203	572
Fees and commission income		
Other related parties	7,613	60,084
Income from investments		
Other related parties	4,034	17,311
	<u>11,850</u>	<u>78,176</u>

16. SEGMENTAL INFORMATION

For management purposes the Group is organised into six operating segments, all of which are based on business units.

Private Equity currently manages four 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 three 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.

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 and structured products.

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

16. SEGMENTAL INFORMATION - continued

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.

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 Group. All proprietary investments 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.

Management monitors the operating results of the operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss.

The following tables present consolidated financial information regarding the Group's business segments.

1 January 2009 to 30 June 2009 (6 months) Unaudited							
	Private Equity	Asset Management	Investment Banking	Brokerage	Finance	Corporate	Total
Interest income	85	-	34	257	45,329	34,453	80,158
Interest expense	(8)	-	-	(846)	(16,963)	(28,998)	(46,815)
	77	-	34	(589)	28,366	5,455	33,343
Profit from investment securities	-	-	-	-	-	27,279	27,279
Loss from investments	-	-	-	-	-	(4,119)	(4,119)
Fees and commissions income	17,766	10,057	923	21,749	3,700	12,229	66,424
	17,766	10,057	923	21,749	3,700	35,389	89,584
Loss from associates	-	-	-	-	-	(16,264)	(16,264)
Net operating income	17,843	10,057	957	21,160	32,066	24,580	106,663
Operating expenses	(8,740)	(5,651)	(8,775)	(15,270)	(17,734)	(164,216)	(220,386)
Profit/(loss) for the period	9,103	4,406	(7,818)	5,890	14,332	(139,636)	(113,723)
Attributable to:							
Minority interests	836	-	(356)	-	-	(7,985)	(7,505)
Equity holders of the parent	8,267	4,406	(7,462)	5,890	14,332	(131,651)	(106,218)
30 June 2009 (Unaudited)							
	Private Equity	Asset Management	Investment Banking	Brokerage	Finance	Corporate	Total
Assets	95,177	1,960	3,526	258,482	678,957	2,540,207	3,578,309
Liabilities	7,892	-	-	82,529	384,083	937,278	1,411,782

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16. SEGMENTAL INFORMATION - continued

1 January 2008 to 30 June 2008 (6 months) Unaudited							
	Private Equity	Asset Management	Investment Banking	Brokerage	Finance	Corporate	Total
Interest income	214	-	5,927	(142)	43,707	29,567	79,273
Interest expense	(12)	-	31	(288)	(11,911)	(25,703)	(37,883)
	202	-	5,958	(430)	31,796	3,864	41,390
Loss from investment securities	-	-	-	-	-	(16,008)	(16,008)
Income from investments	-	-	-	-	-	15,265	15,265
Fees and commissions income	12,354	114,202	24,308	65,471	1,726	8,044	226,105
	12,354	114,202	24,308	65,471	1,726	7,301	225,362
Income from associates	-	-	-	-	-	17,481	17,481
Net operating income	12,556	114,202	30,266	65,041	33,522	28,646	284,233
Operating expenses	(6,394)	(10,987)	(8,561)	(19,257)	(12,461)	(107,329)	(164,989)
(Loss)/profit for the period	6,162	103,215	21,705	45,784	21,061	(78,683)	119,244
Attributable to:							
Minority interests	(641)	-	(71)	1,578	-	(7,596)	(6,730)
Equity holders of the parent	6,803	103,215	21,776	44,206	21,061	(71,087)	125,974

30 June 2008 (Unaudited)							
	Private Equity	Asset Management	Investment Banking	Brokerage	Finance	Corporate	Total
Assets	63,657	13,896	2,289	384,795	796,513	4,507,083	5,768,233
Liabilities	1,219	1,935	-	228,685	536,028	1,545,863	2,313,730

31 December 2008 (Audited)							
	Private Equity	Asset Management	Investment Banking	Brokerage	Finance	Corporate	Total
Assets	123,243	2,046	3,832	258,001	839,412	3,150,069	4,376,603
Liabilities	10,924	-	-	88,779	558,881	1,450,062	2,108,646

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17. GEOGRAPHICAL SEGMENTATION

The Group's assets, before considering collateral held or other credit enhancements can be analysed by the following geographical regions:

	UAE	GCC Other	MENA Other	North America	Europe	Asia Other	Total
Cash and deposits with banks	226,661	19,508	10,400	22,688	29,187	1,023	309,467
Receivables and other debit balances	203,075	16,197	34,090	-	3,605	-	256,967
Investment securities	144,534	327,424	14,338	13,340	84,023	75,985	659,644
Installment credits, loans and advances	766,043	154,545	31,458	-	66	-	952,112
Investments available for sale	85,189	14,330	76,819	-	995	140,804	318,137
Investments held to maturity	127,209	18,967	-	-	-	-	146,176
Investments in associates	153,266	520,948	125,615	-	-	-	799,829
Fixed assets	18,034	4,380	8,680	-	1,089	-	32,183
Goodwill	103,794	-	-	-	-	-	103,794
Total Assets - 30 June 2009 Unaudited	1,827,805	1,076,299	301,400	36,028	118,965	217,812	3,578,309
Total Assets - 30 June 2008 Unaudited	2,899,059	1,601,206	301,725	116,322	308,122	541,799	5,768,233
Total Assets - 31 December 2008 Audited	2,097,934	1,444,579	374,310	65,107	118,854	275,819	4,376,603

18. MATURITY PROFILE

The maturity profile of the assets and liabilities as of 30 June 2009 is determined on the basis of the remaining contractual maturity. Where assets have no contractual maturity date (*), management have made an estimate of the maturity date based on the liquidity of the asset.

30 June 2009 Unaudited					
	Less than 3 Months	3-12 Months	1-5 Years	Over 5 years	Total
Cash and deposits with banks	309,467	-	-	-	309,467
Receivables and other debit balances	208,200	15,770	32,997	-	256,967
Investment securities *	381,341	264,959	13,344	-	659,644
Installment credits, loans and advances	461,213	319,368	171,531	-	952,112
Investments available for sale *	-	48,455	269,682	-	318,137
Investments held to maturity	-	55,858	90,318	-	146,176
Investments in associates *	-	125,615	674,214	-	799,829
Fixed assets *	-	-	32,183	-	32,183
Goodwill *	-	-	-	103,794	103,794
Total Assets	1,360,221	830,025	1,284,269	103,794	3,578,309
Due to banks	382,866	231,937	-	-	614,803
Payables and other credit balances	270,224	451,354	17,069	-	738,647
Medium-term debt	-	-	58,332	-	58,332
Equity	-	-	-	2,166,527	2,166,527
Total Liabilities and Equity	653,090	683,291	75,401	2,166,527	3,578,309
Net liquidity gap	707,131	146,734	1,208,868	(2,062,733)	-
Cumulative liquidity gap	707,131	853,865	2,062,733	-	-

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18. MATURITY PROFILE - continued

30 June 2008 Unaudited					
	<i>Less than 3 Months</i>	<i>3-12 Months</i>	<i>1-5 Years</i>	<i>Over 5 years</i>	<i>Total</i>
Cash and deposits with banks	560,006	-	-	-	560,006
Receivables and other debit balances	489,596	119,615	18,719	-	627,930
Investment securities *	1,862,656	-	-	-	1,862,656
Installment credits, loans and advances	457,938	306,137	300,940	-	1,065,015
Investments available for sale *	-	-	413,484	-	413,484
Investments in associates *	-	-	1,117,706	-	1,117,706
Fixed assets *	-	-	26,236	-	26,236
Goodwill *	-	-	-	95,200	95,200
Total Assets	3,370,196	425,752	1,877,085	95,200	5,768,233
Due to banks	622,013	380,165	-	-	1,002,178
Payables and other credit balances	916,213	43,934	-	-	960,147
Medium-term debt	-	-	351,405	-	351,405
Equity	-	-	-	3,454,503	3,454,503
Total Liabilities and Equity	1,538,226	424,099	351,405	3,454,503	5,768,233
Net liquidity gap	1,831,970	1,653	1,525,680	(3,359,303)	-
Cumulative liquidity gap	1,831,970	1,833,623	3,359,303	-	-

31 December 2008 Audited					
	<i>Less than 3 Months</i>	<i>3-12 Months</i>	<i>1-5 Years</i>	<i>Over 5 years</i>	<i>Total</i>
Cash and deposits with banks	390,089	-	-	-	390,089
Receivables and other debit balances	239,033	-	32,997	-	272,030
Investment securities *	958,943	15,958	13,699	-	988,600
Installment credits, loans and advances	585,418	349,707	283,751	-	1,218,876
Investments available for sale *	-	-	325,598	-	325,598
Investments held to maturity	-	56,689	94,589	-	151,278
Investments in associates *	-	-	900,689	-	900,689
Fixed assets *	-	-	34,243	-	34,243
Goodwill *	-	-	-	95,200	95,200
Total Assets	2,173,483	422,354	1,685,566	95,200	4,376,603
Due to banks	824,536	365,718	-	-	1,190,254
Payables and other credit balances	283,292	404,967	40,693	-	728,952
Medium-term debt	-	-	189,440	-	189,440
Equity	-	-	-	2,267,957	2,267,957
Total Liabilities and Equity	1,107,828	770,685	230,133	2,267,957	4,376,603
Net liquidity gap	1,065,655	(348,331)	1,455,433	(2,172,757)	-
Cumulative liquidity gap	1,065,655	717,324	2,172,757	-	-

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19. 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 2009, client's 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 Group's assets.

20. COMMITMENTS AND CONTINGENT LIABILITIES

The Group had the following outstanding commitments and contingent liabilities:

	<i>30 June 2009 Unaudited</i>	<i>31 December 2008 Audited</i>
Contingent liabilities	211,557	211,400
Commitments	<u>375,160</u>	<u>383,054</u>

21. COMPARATIVE INFORMATION

The amounts disclosed on the statement of financial position as client's funds under management for 31 December and 30 June 2008 have been restated in order to provide a consistent and fair comparative with the 30 June 2009 figure.