

SHUAA Capital PSC

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

30 SEPTEMBER 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 September 2009, comprising of the interim consolidated statement of financial position as at 30 September 2009 and the related interim consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine-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
1 November 2009

SHUAA Capital psc

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 September 2009

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

		30 September 2009	31 December 2008	30 September 2008
	Notes	Unaudited	Audited	Unaudited
Assets				
Cash and deposits with banks		465,151	390,089	370,765
Receivables and other debit balances		120,818	272,030	656,815
Investment securities	3	588,427	988,600	1,591,840
Installment credits, loans and advances		954,034	1,218,876	1,580,518
Investments available for sale	4	309,747	325,598	450,406
Investments held to maturity	5	84,542	151,278	165,285
Investments in associates	6	605,359	900,689	903,776
Fixed assets		32,019	34,243	34,301
Goodwill	7	143,039	95,200	95,293
Total Assets		3,303,136	4,376,603	5,848,999
Liabilities				
Due to banks	8	526,713	1,190,254	1,253,828
Payables and other credit balances		853,533	728,952	1,318,413
Medium-term debt	9	46,366	189,440	311,498
Total Liabilities		1,426,612	2,108,646	2,883,739
Equity Attributable to Equity Holders of the Parent				
Share capital	13	1,065,000	550,000	550,000
Treasury shares	10	(13,475)	(13,475)	(13,475)
Employee stock option plan shares	11	(82,213)	(129,424)	(138,048)
Statutory reserve	13	1,714,140	553,140	553,140
(Accumulated losses)/retained earnings		(821,859)	(398,551)	214,776
Investment revaluation reserve	12	18,610	(28,688)	28,041
Translation reserve		(4,401)	14,654	36,676
Convertible bond	13	-	1,676,000	1,676,000
		1,875,802	2,223,656	2,907,110
Minority interest		722	44,301	58,150
Total Equity		1,876,524	2,267,957	2,965,260
Total Liabilities and Equity		3,303,136	4,376,603	5,848,999
Contra accounts				
Client's funds under management	20	4,272,517	4,707,704	9,696,235



Majid Saif Al Ghurair – Chairman

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF INCOME

30 September 2009

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

		<i>1 July 2009 to 30 September 2009 (3 Months) Unaudited</i>	<i>1 January 2009 to 30 September 2009 (9 months) Unaudited</i>	<i>1 July 2008 to 30 September 2008 (3 Months) Unaudited</i>	<i>1 January 2008 to 30 September 2008 (9 months) Unaudited</i>
	<i>Notes</i>				
Interest income		31,906	112,064	51,039	130,312
Interest expense		(16,223)	(63,038)	(23,952)	(61,835)
Net interest income		15,683	49,026	27,087	68,477
Net income from investment securities		29,837	57,116	(376,403)	(392,411)
Income from investments		12,651	8,532	(14,523)	742
Net fees and commissions		30,190	96,614	89,295	315,400
Investment banking income		72,678	162,262	(301,631)	(76,269)
Share of profit/(loss) of associates		6,246	(10,018)	(20,872)	(3,391)
Impairment charges	14	(258,956)	(258,956)	(36,730)	(36,730)
Operating income		(164,349)	(57,686)	(332,146)	(47,913)
General and administrative expenses		(59,164)	(195,702)	(105,482)	(288,433)
Depreciation and amortisation		(3,679)	(9,297)	(2,219)	(6,329)
Provisions		(42,530)	(120,760)	1,267	23,339
Operating expenses		(105,373)	(325,759)	(106,434)	(271,423)
Loss for the period		(269,722)	(383,445)	(438,580)	(319,336)
Attributable to:					
Minority interest		(461)	(7,966)	(358)	(7,088)
Equity holders of the parent		(269,261)	(375,479)	(438,222)	(312,248)
Loss per share (equity holders of the parent) for the period					
Basic loss per share (in AED)	15	(0.446)	(0.668)	(0.842)	(0.709)
Diluted loss per share (in AED)	15	(0.254)	(0.354)	(0.413)	(0.301)

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

30 September 2009

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

	<i>1 July 2009 to 30 September 2009 (3 Months) Unaudited</i>	<i>1 January 2009 to 30 September 2009 (9 months) Unaudited</i>	<i>1 July 2008 to 30 September 2008 (3 Months) Unaudited</i>	<i>1 January 2008 to 30 September 2008 (9 months) Unaudited</i>
Loss for the period	(269,722)	(383,445)	(438,580)	(319,336)
Other comprehensive profit/(loss)				
Net gains/(losses) on available for sale investments	2,207	35,756	(30,109)	(201,930)
Share of other comprehensive income of associates	(337)	11,542	(15,688)	(6,486)
Exchange differences on translation of foreign operations	932	(19,012)	(3,164)	11,081
Other comprehensive profit/(loss) for the period	2,802	28,286	(48,961)	(197,335)
Total comprehensive loss for the period	(266,920)	(355,159)	(487,541)	(516,671)
Attributable to:				
Minority interest	(435)	(7,923)	(809)	(7,707)
Equity holders of the parent	(266,485)	(347,236)	(486,732)	(508,964)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

30 September 2009

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

	<i>1 January 2009 to 30 September 2009 (9 months) Unaudited</i>	<i>1 January 2008 to 30 September 2008 (9 months) Unaudited</i>
Operating activities		
Loss for the period	(383,445)	(319,336)
Adjustments:		
Depreciation	9,297	6,329
Unrealised (gains)/losses on investment securities	(191,269)	268,393
Unrealised losses from investments in associates	247,081	40,121
Income from investments available for sale	21,381	(22,491)
Income from investments held to maturity	10,357	-
Share based payments charge	27,694	40,169
Provisions	120,760	(23,339)
Operating loss before changes in operating assets and liabilities	(138,144)	(10,154)
Changes in operating assets and liabilities:		
Receivables and other debit balances	152,304	(211,354)
Installment credits, loans and advances	258,233	(745,077)
Payables and other credit balances	20,783	563,568
Net purchase/sale of investment securities	591,442	114,515
Net cash from / (used in) operating activities	884,618	(288,502)
Investing activities		
Purchase of investments available for sale	(16,475)	(215,717)
Sale of investments available for sale	12,434	65,248
Purchase of investments held to maturity	-	(163,134)
Sale of investments held to maturity	56,379	-
Additions to investments in associates	-	(118,329)
Dividends received from associates	-	32,082
Addition to investment in subsidiaries/minority interest	(48,589)	81,811
Purchase of fixed assets	(7,073)	(16,563)
Net cash used in investing activities	(3,324)	(334,602)
Financing activities		
Interest on convertible bond	-	(68,250)
Decrease in medium term debt	(69,614)	(196,238)
Decrease in amounts due to banks	(737,001)	128,734
Director's remunerations	-	(7,459)
Dividends	-	(219,451)
Movement in employee stock option plan shares	(72)	(4,154)
Net cash used in financing activities	(806,687)	(366,818)
Increase/(Decrease) in cash and cash equivalents	74,607	(989,922)
Foreign currency translation	455	710
Cash and cash equivalents at beginning of the period	390,089	1,359,977
Cash and cash equivalents at end of the period	465,151	370,765

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

30 September 2009

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

	Equity attributable to shareholders of the Parent								Minority interest	Total
	Share capital	Treasury shares	Employee stock option plan shares	Statutory reserve	Retained earnings	Investment revaluation reserve	Translation reserve	Convertible bond		
Balance as of 1 January 2008 (Unaudited)	550,000	(13,475)	(139,934)	553,140	929,676	235,921	25,512	1,676,000	7,209	3,824,049
Total comprehensive income for the period	-	-	-	-	(312,248)	(207,880)	11,164	-	(508,964)	(516,671)
Directors' remuneration	-	-	-	-	(7,459)	-	-	-	(7,459)	(7,459)
Dividend paid	-	-	-	-	(246,150)	-	-	-	(4,000)	(250,150)
Interest on convertible bond	-	-	-	-	(68,000)	-	-	-	-	(68,000)
Minority interest arising from acquisition of subsidiary	-	-	-	-	-	-	-	-	62,648	62,648
Net movement in employee stock option plan shares	-	-	1,886	-	(47,709)	-	-	-	-	(45,823)
Share based payments charge	-	-	-	-	45,245	-	-	-	-	45,245
Share based payments charge - adjustment	-	-	-	-	(78,579)	-	-	-	-	(78,579)
Balance as of 30 September 2008 (Unaudited)	550,000	(13,475)	(138,048)	553,140	214,776	28,041	36,676	1,676,000	58,150	2,965,260

	Equity attributable to shareholders of the Parent								Minority interest	Total
	Share capital	Treasury shares	Employee stock option plan shares	Statutory reserve	Retained earnings	Investment revaluation reserve	Translation reserve	Convertible bond		
Balance as of 1 January 2009 (Audited)	550,000	(13,475)	(129,424)	553,140	(398,551)	(28,688)	14,654	1,676,000	44,301	2,267,957
Total comprehensive income for the period	-	-	-	-	(375,479)	47,298	(19,055)	-	(7,923)	(355,159)
Convertible bond conversion	515,000	-	-	1,161,000	-	-	-	(1,676,000)	-	-
Interest on convertible bond	-	-	-	-	(28,240)	-	-	-	-	(28,240)
Acquisition of minority interest	-	-	-	-	-	-	-	-	(35,656)	(35,656)
Net movement in employee stock option plan shares	-	-	47,211	-	(47,283)	-	-	-	-	(72)
Share based payments charge	-	-	-	-	27,694	-	-	-	-	27,694
Balance as of 30 September 2009 (Unaudited)	1,065,000	(13,475)	(82,213)	1,714,140	(821,859)	18,610	(4,401)	-	722	1,876,524

The attached notes 1 to 22 form part of these interim condensed consolidated financial statements.

(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 September 2009 were authorised for issuance in accordance with a resolution of the Board of Directors on 1 November 2009.

SHUAA Capital psc (the 'Company') is a public shareholding company established in Dubai, United Arab Emirates, pursuant to Emiri Decree No. 6 of 25 April 1979 and in accordance with the Federal Law No. (8) of 1984 (as amended). The registered address of the Company is P.O. Box 31045, Dubai, United Arab Emirates. The Company's shares are traded on the Dubai Financial Market in the United Arab Emirates.

The Company is licensed by the Central Bank of the United Arab Emirates to conduct services as financial investment company and a banking, finance and investment advisor pursuant to Central Bank Board of Directors Resolution 164/8/94 and as a financial and monetary intermediary pursuant to Central Bank Board of Directors Resolution 126/5/95.

The Company conducts a diversified range of investment and financial service activities 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.

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 September 2009 <i>Unaudited</i>	31 December 2008 <i>Audited</i>
Fund investments		
Quoted	130,902	294,443
Unquoted	207,374	340,352
Equity securities		
Quoted	93,584	137,862
Unquoted *	21,594	38,829
Fixed income securities	134,973	177,114
	588,427	988,600

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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2009

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

4. INVESTMENTS AVAILABLE FOR SALE

Investments available for sale comprise the following:

	30 September 2009 Unaudited	31 December 2008 Audited
Quoted direct equity investments	62,977	46,330
Unquoted direct equity investments	57,547	96,317
Unquoted fund investments	<u>189,223</u>	<u>182,951</u>
	<u>309,747</u>	<u>325,598</u>

5. INVESTMENTS HELD TO MATURITY

Investments held to maturity comprise the following:

	30 September 2009 Unaudited	31 December 2008 Audited
Fixed income securities	<u>84,542</u>	<u>151,278</u>
	<u>84,542</u>	<u>151,278</u>

The quoted market value of fixed income securities held to maturity as of 30 September 2009 is 73,702 (31 December 2008 95,245). During the period 55,511 of securities were sold.

6. INVESTMENTS IN ASSOCIATES

The Group has the following investments in associates:

	30 September 2009 Unaudited	31 December 2008 Audited
U.A.E.	238,780	368,472
Other G.C.C.	<u>366,579</u>	<u>532,217</u>
	<u>605,359</u>	<u>900,689</u>

Amwal

The Group owns 46.7% of Amwal, a Qatari closed shareholding company licensed by the Central Bank of Qatar to conduct investment banking and asset management activities in Qatar.

Al-Kout

Al-Kout Industrial Projects Company is a joint stock company listed on the Kuwait stock exchange. The Group owns 48.7% of Al-Kout, which is engaged in the production of chemicals used in the water and oil industries.

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

6. INVESTMENTS IN ASSOCIATES - continued**Taghleef**

The Group owns 23.4% of Taghleef Industries LLC, a Dubai limited liability company engaged in the manufacture of plastic based flexible packaging. The Group is finalizing the sale of its shareholding to a related party.

Orion Holdings Overseas

Orion Holdings Overseas has ceased to trade. The Group owns 20% of this company. The Directors of the entity have voted to liquidate the company but a resolution to liquidate failed to achieve the necessary majority in a vote by the shareholders. It is anticipated that the shareholders who favor liquidation will soon petition the DIFC Court and that thereafter this entity will be placed in insolvency. In these circumstances the Group has written off this investment. The Group has a legal case ongoing in connection with the Orion Holdings Overseas acquisition. It is management's view that the likelihood of the Group incurring a material liability as a consequence of these legal cases is remote.

City Engineering LLC

The Group owns 40.0% of City Engineering LLC, a limited liability company based in Sharjah and engaged in construction contracting.

Septeck Holding Limited

Septeck Holding Limited is a limited liability company incorporated in Cayman Islands and based in Sharjah that is engaged in wastewater, water, marina and related infrastructure product and services and marina products and services. The Group owns 49.0% of Septeck Holding Limited.

Mezzanine Investment Partners Ltd.

Mezzanine Investment Partners Ltd. is an exempted company incorporated in Cayman Islands that was formed to act as a fund manager of Mezzanine Investment Partners II, Limited (The "Fund"). The Fund's primary objective is to invest, on a Shariah compliant basis, in the mezzanine funding required by the Al Wa'ab City multi-use real estate project in Doha, Qatar, which is being developed by Al Wa'ab City W.L.L. As a seed investor in the Fund, the Group obtained a 25% shareholding in Mezzanine Investment Partners Ltd.

The movement in investments in associates during the period was as follows:

	<i>1 January 2009 to 30 September 2009 (9 months) Unaudited</i>	<i>1 January 2008 to 30 September 2008 (9 months) Unaudited</i>
Balance, beginning of period	900,689	1,132,755
Additions during the period	9	118,774
Adjustment of acquisition price	(35,073)	(137,738)
Capital (refund)/increase	(17,160)	25,740
Sale of associates during the period	(184)	(41,688)
Share of results of associates	(10,018)	(18,643)
Impairment charges recognised	(224,946)	(105,631)
Share of movement in fair values of associates	11,542	(20,518)
Dividends received	-	(32,082)
Translation reserve	(19,500)	(20,280)
Balance, end of the period	<u>605,359</u>	<u>900,689</u>

The Group is in ongoing negotiations to sell its shareholdings in a number of associates. Consequently the Group has determined that the value in use in these circumstances is not significantly different from the value based on the indicative bids which have been received. This has resulted in the recognition of impairment charges of 224,946 in the current period, of which a provision of 59,173 had been previously made in the first quarter.

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

7. GOODWILL

The movement in goodwill is presented below:

	<i>1 January 2009 to 30 September 2009 (9 months) Unaudited</i>	<i>1 January 2008 to 30 September 2008 (9 months) Unaudited</i>
Balance, beginning of period	95,200	95,200
5% stake in SHUAA Securities LLC	8,594	-
39.6% stake in SHUAA Capital Saudi Arabia LLC	39,245	-
Balance, end of period	143,039	95,200

On 1 January 2009, the Group acquired an additional 5% of the voting shares of SHUAA Securities LLC, taking its effective ownership to 100%. 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.

On 1 September, the Group acquired an additional 39.6% of the voting shares of SHUAA Capital Saudi Arabia cjsc, taking its effective ownership to 99.6%. The transaction value amounts to 69,814. The book value of the net assets of SHUAA Capital Saudi Arabia cjsc at this date was 77,194 and the book value of the additional interest acquired was 30,569. The difference of 39,245, between the transaction price 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 those banks. Amounts due to banks are repayable within twelve months.

	<i>30 September 2009 Unaudited</i>	<i>31 December 2008 Audited</i>
Bank overdrafts	178,539	487,204
Term loans repayable within twelve months	348,174	703,050
	526,713	1,190,254

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

At 30 September 2009, letters of guarantee on behalf of the Group amounting to 235,225 had been provided by the Group's bankers. These guarantees are a standard mechanism used within the region's banking structures and financial exchanges to facilitate activities. It is anticipated that no material liabilities will arise from these guarantees.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
30 September 2009

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

9. MEDIUM-TERM DEBT

Medium-term debt comprises the following:

	<i>30 September 2009 Unaudited</i>	<i>31 December 2008 Audited</i>
Term loans	<u>46,366</u>	<u>189,440</u>
	46,366	189,440

10. TREASURY SHARES

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

	<i>30 September 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	0.3%	0.5%
Cost of treasury shares	13,475	13,475
Market value of treasury shares	6,000	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 September 2009:

	<i>30 September 2009 Unaudited</i>	<i>31 December 2008 Audited</i>
Number of shares	20,566,279	32,262,570
Shares as percentage of total shares in issue	1.9%	5.9%
Cost of shares	82,213	129,424
Market value of shares	41,133	32,263

Movement in employee stock option plan shares was as follows:

	<i>Number of shares</i>	
	<i>1 January 2009 to 30 September 2009 (9 months) Unaudited</i>	<i>1 January 2008 to 30 September 2008 (9 months) Unaudited</i>
Balance at the beginning of the period	32,262,570	40,363,411
Executed options	<u>(11,696,291)</u>	<u>(9,998,758)</u>
Balance at the end of the period	<u>20,566,279</u>	<u>30,364,653</u>

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

12. INVESTMENT REVALUATION RESERVE

	<i>1 January 2009 to 30 September 2009 (9 months) Unaudited</i>	<i>1 January 2008 to 30 September 2008 (9 months) Unaudited</i>
Available for sale investments		
Balance, beginning of the period	(14,194)	230,331
Realised during the period	(216)	(5,549)
Net movement in fair values during the period	<u>35,972</u>	<u>(195,845)</u>
Balance, end of the period	<u>21,562</u>	<u>28,937</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>11,542</u>	<u>(6,486)</u>
Balance, end of the period	<u>(2,952)</u>	<u>(896)</u>
Total investment revaluation reserve	<u><u>18,610</u></u>	<u><u>28,041</u></u>

13. CONVERTIBLE BOND

On 2 September 2009, 515,000,000 shares were issued to Dubai Banking Group pjsc based on agreed revised terms and in consideration for the extinguishment of the issued bond. These shares were issued at a conversion price of AED 2.91 per share. Share capital increased by 515,000 and the premium which arose on issue of 1,161,000 was added to the statutory reserve.

14. IMPAIRMENT CHARGES

Impairment charges on investments comprise the following:

	<i>1 January 2009 to 30 September 2009 (9 months) Unaudited</i>	<i>1 January 2008 to 30 September 2008 (9 months) Unaudited</i>
Impairment on available for sale investments	(22,363)	-
Impairment of investments held to maturity	(11,647)	-
Impairment on investments in associates	<u>(224,946)</u>	<u>(36,730)</u>
	<u><u>(258,956)</u></u>	<u><u>(36,730)</u></u>

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

15. EARNINGS PER SHARE

Basic earnings per share have been computed using the net income attributable to the ordinary equity holders of the parent (375,479) adjusted by interest due on convertible bonds 28,240 (30 September 2008 (312,248) adjusted by interest due on convertible bonds 68,000 and Directors' remuneration 7,459). The adjusted earnings figure is divided by the weighted average number of ordinary shares outstanding 604,222,222 (30 September 2008 547,000,000).

Diluted earnings per share have been computed using the net income attributable to the ordinary equity holders of the parent (375,479) (30 September 2008 (312,248) adjusted by Directors' remuneration 7,459). The adjusted earnings figure is divided by the weighted average number of ordinary shares outstanding 1,062,000,000 (30 September 2008 1,062,000,000).

16. RELATED PARTY TRANSACTIONS

A number of transactions are entered into with related parties in the normal course of business. Related parties include 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 and/or the Board of Directors.

Assets and liabilities with related parties are as follows:

	<i>30 September 2009 Unaudited</i>	<i>31 December 2008 Audited</i>
Receivables and other debit balances		
Associates	66	1,300
Other related parties	5,939	31,586
Loans and advances		
Other related parties	92,753	98,234
Key management personnel	3,482	1,668
	102,240	132,788

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 September 2009 Unaudited</i>	<i>31 December 2008 Audited</i>
Payables and other credit balances		
Associates	-	22,956
Other related parties	34,916	34,300
	34,916	57,256

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. The acquisition price was calculated pursuant a formula agreed in April 2007, as part of the transaction whereby the Group acquired a 95% interest in SHUAA Securities LLC.

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

16. RELATED PARTY TRANSACTIONS - continued

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

	<i>1 January 2009 to 30 September 2009 (9 months) Unaudited</i>	<i>1 January 2008 to 30 September 2008 (9 months) Unaudited</i>
Interest income		
Associates	-	298
Other related parties	262	824
Fees and commission income		
Other related parties	14,400	71,157
Income from investments		
Other related parties	4,005	14,067
	<u>18,667</u>	<u>86,346</u>

17. 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, private placements, public offerings of equity and debt securities, trade sales, mergers, acquisitions, divestitures, spin-offs, syndications and structured products.

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 activities are conducted by Gulf Finance, which 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2009

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

17. SEGMENTAL INFORMATION - continued

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

1 January 2009 to 30 September 2009 (9 months) Unaudited							
	Private Equity	Asset Management	Investment Banking	Brokerage	Finance	Corporate	Total
Interest income	133	-	38	297	64,455	47,141	112,064
Interest expense	(9)	-	-	(1,234)	(22,589)	(39,206)	(63,038)
	124	-	38	(937)	41,866	7,935	49,026
Income from investment securities	-	-	-	-	-	57,116	57,116
Income from investments	-	-	-	-	-	8,532	8,532
Net fees and commissions	25,984	15,300	1,874	34,129	5,380	13,947	96,614
	25,984	15,300	1,874	34,129	5,380	79,595	162,262
Income from associates	-	-	-	-	-	(10,018)	(10,018)
Impairment charges	-	-	-	-	-	(258,956)	(258,956)
Operating income	26,108	15,300	1,912	33,192	47,246	(181,444)	(57,686)
Operating expenses	(13,309)	(8,304)	(10,858)	(24,840)	(26,416)	(242,032)	(325,759)
Profit/(loss) for the period	12,799	6,996	(8,946)	8,352	20,830	(423,476)	(383,445)
Attributable to:							
Minority interests	869	-	(445)	-	-	(8,390)	(7,966)
Equity holders of the parent	11,930	6,996	(8,501)	8,352	20,830	(415,086)	(375,479)

30 September 2009 (Unaudited)							
	Private Equity	Asset Management	Investment Banking	Brokerage	Finance	Corporate	Total
Assets	97,397	976	3,571	309,544	601,943	2,289,705	3,303,136
Liabilities	965	-	-	130,007	300,570	995,070	1,426,612

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17. SEGMENTAL INFORMATION - continued

1 January 2008 to 30 September 2008 (9 months) Unaudited							
	Private Equity	Asset Management	Investment Banking	Brokerage	Finance	Corporate	Total
Interest income	231	-	17,852	(1,054)	69,905	43,378	130,312
Interest expense	(14)	-	(4,793)	(288)	(18,665)	(38,075)	(61,835)
	217	-	13,059	(1,342)	51,240	5,303	68,477
Income from investment securities	-	-	-	-	-	(392,411)	(392,411)
Income from investments	-	-	-	-	-	742	742
Net fees and commissions	62,213	118,412	29,148	91,736	3,264	10,627	315,400
	62,213	118,412	29,148	91,736	3,264	(381,042)	(76,269)
Income from associates	-	-	-	-	-	(3,391)	(3,391)
Impairment charges	-	-	-	-	-	(36,730)	(36,730)
Operating income	62,430	118,412	42,207	90,394	54,504	(415,860)	(47,913)
Operating expenses	(10,894)	(18,029)	(18,530)	(27,368)	(19,788)	(176,814)	(271,423)
(Loss)/profit for the period	51,536	100,383	23,677	63,026	34,716	(592,674)	(319,336)
Attributable to:							
Minority interests	7,445	-	(434)	2,132	-	(16,231)	(7,088)
Equity holders of the parent	44,091	100,383	24,111	60,894	34,716	(576,443)	(312,248)

30 September 2008 (Unaudited)							
	Private Equity	Asset Management	Investment Banking	Brokerage	Finance	Corporate	Total
Assets	146,674	5,789	2,786	393,879	869,293	4,430,578	5,848,999
Liabilities	7,013	-	-	183,233	594,912	2,098,581	2,883,739

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

18. GEOGRAPHICAL SEGMENTATION

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

	UAE	GCC Other	MENA Other	North America	Europe	Asia Other	Total
Cash and deposits with banks	301,336	8,310	18,970	127,539	8,193	803	465,151
Receivables and other debit balances	85,388	12,344	20,499	-	2,587	-	120,818
Investment securities	120,319	296,404	19,662	12,855	72,851	66,336	588,427
Installment credits, loans and advances	765,530	156,982	31,497	-	25	-	954,034
Investments available for sale	56,253	15,005	83,930	-	1,061	153,498	309,747
Investments held to maturity	71,686	12,856	-	-	-	-	84,542
Investments in associates	132,264	366,578	106,517	-	-	-	605,359
Fixed assets	18,780	4,020	8,260	-	959	-	32,019
Goodwill	103,794	39,245	-	-	-	-	143,039
Total Assets - 30 September 2009 Unaudited	1,655,350	911,744	289,335	140,394	85,676	220,637	3,303,136
Total Assets - 30 September 2008 Unaudited	3,030,920	1,630,495	418,581	89,149	191,681	488,173	5,848,999
Total Assets - 31 December 2008 Audited	2,097,934	1,444,579	374,310	65,107	118,854	275,819	4,376,603

19. MATURITY PROFILE

The maturity profile of the assets and liabilities as of 30 September 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 and their intention.

	30 September 2009 Unaudited				
	Less than 3 Months	3-12 Months	1-5 Years	Over 5 years	Total
Cash and deposits with banks	465,151	-	-	-	465,151
Receivables and other debit balances	65,095	14,542	41,181	-	120,818
Investment securities *	253,965	208,773	125,689	-	588,427
Installment credits, loans and advances	364,261	458,447	131,326	-	954,034
Investments available for sale *	76,081	17,588	216,078	-	309,747
Investments held to maturity	-	12,856	71,686	-	84,542
Investments in associates *	73,460	399,516	132,383	-	605,359
Fixed assets *	-	-	32,019	-	32,019
Goodwill *	-	-	-	143,039	143,039
Total Assets	1,298,013	1,111,722	750,362	143,039	3,303,136
Due to banks	239,485	287,228	-	-	526,713
Payables and other credit balances	664,909	180,323	8,301	-	853,533
Medium-term debt	-	-	46,366	-	46,366
Equity	-	-	-	1,876,524	1,876,524
Total Liabilities and Equity	904,394	467,551	54,667	1,876,524	3,303,136
Net liquidity gap	393,619	644,171	695,695	(1,733,485)	-
Cumulative liquidity gap	393,619	1,037,790	1,733,485	-	-

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

19. MATURITY PROFILE - continued

<i>30 September 2008 Unaudited</i>					
	<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	370,765	-	-	-	370,765
Receivables and other debit balances	505,530	131,861	19,424	-	656,815
Investment securities *	1,591,840	-	-	-	1,591,840
Installment credits, loans and advances	908,552	338,474	333,492	-	1,580,518
Investments available for sale *	-	-	450,406	-	450,406
Investments held to maturity	-	-	165,285	-	165,285
Investments in associates *	-	-	903,776	-	903,776
Fixed assets *	-	-	34,301	-	34,301
Goodwill *	-	-	-	95,293	95,293
Total Assets	3,376,687	470,335	1,906,684	95,293	5,848,999
Due to banks	1,195,401	58,427	-	-	1,253,828
Payables and other credit balances	1,287,250	31,163	-	-	1,318,413
Medium-term debt	-	-	311,498	-	311,498
Equity	-	-	-	2,965,260	2,965,260
Total Liabilities and Equity	2,482,651	89,590	311,498	2,965,260	5,848,999
Net liquidity gap	894,036	380,745	1,595,186	(2,869,967)	-
Cumulative liquidity gap	894,036	1,274,781	2,869,967	-	-

<i>31 December 2008 Audited</i>					
	<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	-	-

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

20. CLIENTS' FUNDS UNDER MANAGEMENT

The Company is licensed as a financial investment company regulated by the U.A.E. Central Bank (Note 1). Client's funds are 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.

21. COMMITMENTS AND CONTINGENT LIABILITIES

The Group had the following outstanding commitments and contingent liabilities:

	<i>30 September 2009 Unaudited</i>	<i>31 December 2008 Audited</i>
Contingent liabilities	221,072	211,400
Commitments	368,449	383,054

Contingent liabilities include 200,000 payable to a regional bank in the event of default by a third party. The Group conducted a review of its exposure, in the event of default by the third party, and concluded that it was prudent to recognize a provision of 99,193 based on the Group's estimate of its net exposure.

22. COMPARATIVE INFORMATION

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