

SHUAA Capital PSC

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2010

**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF
SHUAA CAPITAL PSC**

Introduction

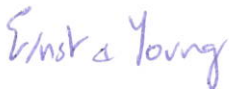
We have reviewed the accompanying interim condensed consolidated financial statements of SHUAA Capital PSC and its subsidiaries ("the Group") as at 30 September 2010, comprising the interim consolidated statement of financial position as at 30 September 2010 and the related interim consolidated statements of income and comprehensive income for the three-month and nine-month periods and related interim consolidated statements of changes in equity and cash flows for the nine-month period then ended, and explanatory notes. The Directors are 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.

A handwritten signature in blue ink that reads 'Ernst & Young'.

Signed by
Farrukh Seer
Partner
Registration No. 491

9th November 2010

Dubai

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 September 2010

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

		30 September 2010	31 December 2009	30 September 2009
	<i>Notes</i>	<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>
	<i>20</i>		<i>Reclassified</i>	<i>Reclassified</i>
Assets				
Cash and deposits with banks	3	412,110	543,459	465,151
Receivables and other debit balances		77,709	109,186	120,818
Installment credits, loans and advances		667,501	810,698	954,034
Investments in SHUAA managed funds	4	158,553	175,310	174,583
Investments in third party associates	5	223,685	461,266	605,359
Other investments	6	451,106	559,951	808,133
Fixed assets		40,845	46,793	32,019
Goodwill		143,039	143,039	143,039
Total Assets		2,174,548	2,849,702	3,303,136
Liabilities				
Due to banks	7	124,361	423,697	526,713
Payables and other credit balances		198,938	668,480	853,533
Medium-term debt	8	172,500	59,566	46,366
Total Liabilities		495,799	1,151,743	1,426,612
Equity				
Share capital		1,065,000	1,065,000	1,065,000
Treasury shares	9	(14,458)	(14,458)	(13,475)
Employee stock option plan shares	10	(85,617)	(78,196)	(82,213)
Statutory reserve	11	728,295	1,714,140	1,714,140
Accumulated losses	11	(48,832)	(985,845)	(821,859)
Investment revaluation reserve	12	34,047	(8,982)	18,610
Translation reserve		(78)	5,851	(4,401)
Equity attributable to the shareholders of the parent		1,678,357	1,697,510	1,875,802
Minority interest		392	449	722
Total Equity		1,678,749	1,697,959	1,876,524
Total Liabilities and Equity		2,174,548	2,849,702	3,303,136



Majid Saif Al Ghurair – Chairman

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

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the period ended 30 September 2010

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

	<i>Notes</i>	<i>1 July to 30 September 2010 (3 months) Unaudited</i>	<i>1 January to 30 September 2010 (9 months) Unaudited</i>	<i>1 July to 30 September 2009 (3 months) Unaudited Reclassified</i>	<i>1 January to 30 September 2009 (9 months) Unaudited Reclassified</i>
	20				
Interest income		22,941	67,305	28,226	100,864
Net fees and commissions		24,307	72,711	30,190	96,614
Trading income		1,747	1,998	2,676	7,979
Gains from investments in SHUAA managed funds	13	2,839	3,656	4,930	15,742
Total revenues		51,834	145,670	66,022	221,199
General and administrative expenses		(48,770)	(165,994)	(59,164)	(195,702)
Interest expense		(7,848)	(27,537)	(16,223)	(63,038)
Depreciation and amortisation		(2,835)	(8,944)	(3,679)	(9,297)
Provisions		1,553	(1,883)	(2,508)	(21,567)
Total expenses		(57,900)	(204,358)	(81,574)	(289,604)
Net loss before gains / (losses) from other investments		(6,066)	(58,688)	(15,552)	(68,405)
Gains / (losses) from other investments, including investments in third party associates	14	6,246	21,687	(254,170)	(315,040)
Profit / (Loss) for the period		180	(37,001)	(269,722)	(383,445)
Attributable to:					
Minority interest		(10)	(54)	(461)	(7,966)
Equity holders of the parent		190	(36,947)	(269,261)	(375,479)
(Loss)/gain per share (equity holders of the parent) for the period					
Basic earnings / (loss) per share (in AED)	15	0.000	(0.035)	(0.446)	(0.668)
Diluted earnings / (loss) per share (in AED)	15	0.000	(0.035)	(0.254)	(0.354)

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 September 2010

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

	<i>1 July to 30 September 2010 (3 months) Unaudited</i>	<i>1 January to 30 September 2010 (9 months) Unaudited</i>	<i>1 July to 30 September 2009 (3 months) Unaudited</i>	<i>1 January to 30 September 2009 (9 months) Unaudited</i>
Profit / (loss) for the period	180	(37,001)	(269,722)	(383,445)
Other comprehensive profit/(loss)				
Net revaluation reserve movement on:				
- Investments in SHUAA managed funds	8,274	10,647	8,385	12,285
- Other investments	7,866	30,604	(6,178)	23,471
Share of other comprehensive income of associates	1,074	1,778	(337)	11,542
Exchange differences on translation of foreign operations	(92)	(5,932)	932	(19,012)
Other comprehensive profit for the period	17,122	37,097	2,802	28,286
Total comprehensive profit / (loss) for the period	17,302	96	(266,920)	(355,159)
Attributable to:				
Minority interest	(9)	(57)	(435)	(7,923)
Equity holders of the parent	17,311	153	(266,485)	(347,236)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 September 2010

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

	<i>1 January to 30 September 2010 (9 months) Unaudited</i>	<i>1 January to 30 September 2009 (9 months) Unaudited</i>
Operating activities		
Loss for the period	(37,001)	(383,445)
Adjustments:		
Depreciation	8,944	9,297
Unrealised gains on investments in SHUAA managed funds	(2,562)	(20,930)
Income from other investments	15,458	269,449
Share based payments charge	(1,197)	27,694
Provisions	(6,116)	120,760
Operating (loss)/profit before changes in operating assets and liabilities	(22,474)	22,825
Changes in operating assets and liabilities:		
Receivables and other debit balances	8,585	152,304
Installment credits, loans and advances	141,995	258,233
Payables and other credit balances	436	20,783
Net sale of SHUAA managed funds	29,966	164,150
Net cash from operating activities	158,508	618,295
Investing activities		
Net proceeds from other investments/associates	410,345	318,661
Dividends received	28,275	-
Addition to investment in subsidiaries/minority interest	(34,907)	(48,589)
Net purchase of fixed assets	(4,589)	(7,073)
Net cash from investing activities	399,124	262,999
Financing activities		
Interest on convertible bond	(45,000)	-
Decrease in medium term debt	(47,066)	(69,614)
Decrease in amounts due to banks	(339,335)	(737,001)
Decrease in amounts due to others	(239,160)	-
Movement in employee stock option plan shares	(18,247)	(72)
Net cash used in financing activities	(688,808)	(806,687)
(Decrease) / increase in cash and cash equivalents	(131,176)	74,607
Foreign currency translation	(173)	455
Cash and cash equivalents at beginning of the period	543,459	390,089
Cash and cash equivalents at end of the period	412,110	465,151

SHUAA Capital psc

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 September 2010

(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	Accumulated losses	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 loss for the period	-	-	-	-	(375,479)	47,298	(19,055)	-	(347,236)	(7,923)	(355,159)
Convertible bond conversion	515,000	-	-	1,161,000	-	-	-	(1,676,000)	-	-	-
Interest on convertible bond	-	-	-	-	(28,240)	-	-	-	(28,240)	-	(28,240)
Minority interest arising from acquisition of subsidiary	-	-	-	-	-	-	-	-	-	(35,656)	(35,656)
Net movement in employee stock option plan shares	-	-	47,211	-	(47,283)	-	-	-	(72)	-	(72)
Share based payments charge	-	-	-	-	27,694	-	-	-	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)	-	1,875,802	722	1,876,524

	Equity attributable to shareholders of the Parent										
	Share capital	Treasury shares	Employee stock option plan shares	Statutory reserve	Accumulated losses	Investment revaluation reserve	Translation reserve	Convertible bond	Total	Minority interest	Total
Balance as of 1 January 2010 (Audited)	1,065,000	(14,458)	(78,196)	1,714,140	(985,845)	(8,982)	5,851	-	1,697,510	449	1,697,959
Total comprehensive loss for the period	-	-	-	-	(36,947)	43,029	(5,929)	-	153	(57)	96
Directors' remuneration	-	-	-	-	138	-	-	-	138	-	138
Accumulated losses offset	-	-	-	(985,845)	985,845	-	-	-	-	-	-
Net movement in employee stock option plan shares	-	-	(7,421)	-	(10,826)	-	-	-	(18,247)	-	(18,247)
Share based payments adjustment	-	-	-	-	(1,197)	-	-	-	(1,197)	-	(1,197)
Balance as of 30 September 2010 (Unaudited)	1,065,000	(14,458)	(85,617)	728,295	(48,832)	34,047	(78)	-	1,678,357	392	1,678,749

The attached notes 1 to 21 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 2010 were authorised for issue in accordance with a resolution of the Directors on 9th November 2010.

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 a 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. SIGNIFICANT ACCOUNTING POLICIES

These 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 year ended 31 December 2009.

There is no significant seasonality in the operations of the Group.

3. CASH AND DEPOSITS WITH BANKS

Cash and deposits with banks include a fixed deposit of 43,097 with a local bank, which is held as collateral for a Central Bank guarantee.

4. INVESTMENTS IN SHUAA MANAGED FUNDS

Investments in SHUAA managed funds consist of the following:

	<i>30 September 2010 Unaudited</i>	<i>31 December 2009 Audited</i>
Held at fair value through profit and loss	76,496	96,799
Available for sale	20,548	62,128
Associates	61,509	16,383
	158,553	175,310

Associates

The Group owns 23.7% of SHUAA Hospitality Fund I L.P., a closed ended private equity investment Fund registered as an exempted limited partnership in the Cayman Islands. The principal purpose of the Fund is to undertake direct or indirect investments in hospitality development projects and existing hospitality properties to be managed by Rotana Hotel Management Corporation LLC in the MENA region.

The Group owns 35.5% of Frontier Opportunities Fund I L.P., a closed ended private equity investment Fund registered as an exempted limited partnership in the Cayman Islands. The principal purpose of the Fund is to undertake direct or indirect investments in Syria, Lebanon and Jordan.

Also, the Group indirectly own 23.8% of Shuaa Saudi Hospitality Fund an open ended investment Fund regulated by the Capital Markets Authority in Saudi Arabia. The principal purpose of the Fund is to achieve long term capital growth through investing in hospitality related real estate in the Kingdom of Saudi Arabia.

5. INVESTMENTS IN THIRD PARTY ASSOCIATES

The Group has the following investments in third party associates:

	30 September 2010 Unaudited	31 December 2009 Audited
U.A.E.	131,537	131,537
Other G.C.C.	92,148	329,729
	223,685	461,266

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, engaged in wastewater, water, marina and related infrastructure products and services. The Group owns 49.0% of Septeck Holding Limited.

Al-Kout

Al-Kout Industrial Projects Company is a joint stock company listed on the Kuwait stock exchange. During the period, the Group sold its entire 48.7% stake in Al-Kout for 194,996 realising a loss of 1,218.

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. The planned sale of the Group's stake in Amwal did not complete as scheduled. The Group continues to explore all options to realise its investment in Amwal in the near future. During the period, the Group received 28,246 in dividends from this investment.

6. OTHER INVESTMENTS

Other investments comprise the following:

	30 September 2010 Unaudited	31 December 2009 Audited
Investment securities held at fair value through profit and loss	181,277	318,764
Investments available for sale	187,387	159,979
Investments held to maturity	82,442	81,208
	451,106	559,951

a) Investment securities held at fair value through profit and loss

Investment securities held at fair value through profit and loss comprise the following:

	30 September 2010 Unaudited	31 December 2009 Audited
Fund investments		
Quoted	23,867	44,442
Unquoted	77,922	148,643
Equity securities		
Quoted	36,453	59,074
Unquoted	706	21,596
Fixed income securities	42,329	45,009
	181,277	318,764

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 September 2010

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

6. OTHER INVESTMENTS - continued**b) Investments available for sale**

Investments available for sale comprise the following:

	30 September 2010 Unaudited	31 December 2009 Audited
Quoted direct equity investments	59,364	1,463
Unquoted direct equity investments	4,058	57,283
Unquoted fund investments	<u>123,965</u>	<u>101,233</u>
	<u>187,387</u>	<u>159,979</u>

c) Investments held to maturity

Investments held to maturity comprise the following:

	30 September 2010 Unaudited	31 December 2009 Audited
Fixed income securities	<u>82,442</u>	<u>81,208</u>
	<u>82,442</u>	<u>81,208</u>

The quoted market value of fixed income securities held to maturity as of 30 September 2010 is 92,019 (31 December 2009 - 52,891).

7. 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.

	30 September 2010 Unaudited	31 December 2009 Audited
Bank overdrafts	2,922	153,176
Term loans repayable within twelve months	<u>121,439</u>	<u>270,521</u>
	<u>124,361</u>	<u>423,697</u>

The Group's banking facilities are renewable every twelve months and carry EBOR based floating interest rates plus a spread ranging between 3% and 4.5%.

At 30 September 2010, letters of guarantee on behalf of the Group amounting to 155,723 (31 December 2009 - 232,881) 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

For the period ended 30 September 2010

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

8. MEDIUM-TERM DEBT

Medium-term debt comprises the following:

	30 September 2010 Unaudited	31 December 2009 Audited
Term loans	172,500	59,566
	172,500	59,566

Included within medium term debt is 160,000, being the medium term component of a term loan from Abu Dhabi Commercial Bank P.J.S.C secured by a charge over certain of the Group's assets with a combined net asset value of at least 300,000. This term loan totals 240,000 and is repayable in quarterly installments commencing December 2010 until March 2013.

9. TREASURY SHARES

The Group held the following treasury shares at 30 September 2010:

	30 September 2010 Unaudited	31 December 2009 Audited
Number of treasury shares	3,500,000	3,500,000
Treasury share as percentage of total shares in issue	0.3%	0.3%
Cost of treasury shares	14,458	14,458
Market value of treasury shares	3,815	5,215

10. EMPLOYEE STOCK OPTION PLAN SHARES

The following employee stock option plan shares were held in trust at 30 September 2010:

	30 September 2010 Unaudited	31 December 2009 Audited
Number of shares	30,759,936	19,561,391
Shares as percentage of total shares in issue	2.9%	1.8%
Cost of shares	85,617	78,196
Market value of shares	33,528	29,146

Movement in employee stock option plan shares was as follows:

	<i>Number of shares</i>	
	<i>1 January to 30 September 2010 (9 months) Unaudited</i>	<i>1 January to 30 September 2009 (9 months) Unaudited</i>
Balance at the beginning of the period	19,561,391	32,262,570
Executed options	(3,963,387)	(11,740,479)
Acquired shares	15,161,932	44,188
Balance at the end of the period	30,759,936	20,566,279

During the period the Group issued 20,275,000 options for shares at an average price of AED 1.36. Also during the period the Group varied the terms of 12,625,000 options reducing the average strike price from AED 1.68 to AED 1.00 and extending the vesting period from 16 months to 36 months. Year to date 3,540,054 options vested and were executed in accordance with their terms of issuance, additionally as a result of terminations 423,333 options vested and were executed.

Unexecuted vested options during the period totaled 775,000 of which 300,000 related to terminations.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 September 2010

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

11. STATUTORY RESERVE

The Company obtained the approval of the Securities and Commodities Authority to set off its excess statutory reserves against accumulated losses as of 31 December 2009. The excess of statutory reserve, which has been used to set off accumulated losses, being 985,845.

This transaction was ratified by the shareholders at the Group's Annual General Meeting held on 18 April 2010.

12. INVESTMENT REVALUATION RESERVE

	<i>1 January to 30 September 2010 (9 months) Unaudited</i>	<i>1 January to 30 September 2009 (9 months) Unaudited</i>
Available for sale investments		
Balance, beginning of the period	(7,586)	(14,194)
Realised during the period	6,932	(216)
Net movement in fair values during the period	<u>34,319</u>	<u>35,972</u>
Balance, end of the period	33,665	21,562
Group's share of investment revaluation reserves in associates		
Balance, beginning of the period	(1,396)	(14,494)
Net movement in fair values during the period	<u>1,778</u>	<u>11,542</u>
Balance, end of the period	382	(2,952)
Total investment revaluation reserve	<u>34,047</u>	<u>18,610</u>

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

Gains and losses from SHUAA managed funds comprise the following:

	<i>1 January to 30 September 2010 (9 months) Unaudited</i>	<i>1 January to 30 September 2009 (9 months) Unaudited</i>
Funds	35	15,742
Associates	<u>3,621</u>	<u>-</u>
	<u>3,656</u>	<u>15,742</u>

14. GAINS/(LOSSES) FROM OTHER INVESTMENTS

Gains and losses from other investments are detailed as follows:

	<i>1 January to 30 September 2010 (9 months) Unaudited</i>	<i>1 January to 30 September 2009 (9 months) Unaudited</i>
Third party associates	(10,328)	(234,965)
Other investments	<u>32,015</u>	<u>(80,075)</u>
	<u>21,687</u>	<u>(315,040)</u>

15. EARNINGS PER SHARE

Basic earnings per share have been computed using the net loss attributable to the ordinary equity holders of the parent (36,947) adjusted by Directors' remuneration 138 (30 September 2009 – (375,479) adjusted by interest due on convertible bonds 28,240). The adjusted earnings figure is divided by the weighted average number of ordinary shares outstanding 1,061,500,000 (30 September 2009 – 604,222,222).

Diluted earnings per share as of 30 September 2010 are equivalent to basic earnings per share as the Company did not issue any new instrument that would impact earnings per share when executed.

Diluted earnings per share as of 30 September 2009 was computed using the net income attributable to the ordinary equity holders of the parent (375,479) divided by the sum of the weighted average number of ordinary shares outstanding and the number of ordinary shares issued on conversion of the convertible bond 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 significant shareholders, associated companies, investment funds managed by the Group, directors and key management personnel of the Group. Pricing policies and the 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 2010 Unaudited</i>	<i>31 December 2009 Audited</i>
Cash and deposits with banks		
Other related parties	43,097	50,000
Receivables and other debit balances		
Associates	36	93
Other related parties	265	28,226
Loans and advances		
Associates	23,172	-
Other related parties	13,452	86,354
Key management personnel	494	-
	<u>80,516</u>	<u>164,673</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 September 2010 Unaudited</i>	<i>31 December 2009 Audited</i>
Payables and other credit balances		
Other related parties	70	80,520
	<u>70</u>	<u>80,520</u>

16. RELATED PARTY TRANSACTIONS - continued

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

	<i>1 January to 30 September 2010 (9 months) Unaudited</i>	<i>1 January to 30 September 2009 (9 months) Unaudited</i>
Interest income		
Other related parties	3,980	5,233
Income from investments in SHUAA managed funds		
Other related parties	(512)	31,668
Income from other investments		
Other related parties	(1,218)	-
Fees and commission income		
Associates	-	50
Other related parties	8,952	14,264
General & administrative expenses		
Other related parties	(186)	-
	11,016	51,215

Income from other investments represents a loss on the sale of Al Kout to a consortium of investors which includes a parent of a board member of SHUAA Capital psc.

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 22 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 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.

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(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 2010 to 30 September 2010 (9 months) Unaudited							
	Private Equity	Asset Management	Investment Banking	Brokerage	Finance	Corporate	Total
Interest income	-	-	-	633	41,431	25,241	67,305
Net fees and commissions	19,565	6,997	13,740	22,976	6,305	3,128	72,711
Trading income	-	-	637	1,361	-	-	1,998
Gains/(losses) from investments in SHUAA managed funds	(3,558)	7,214	-	-	-	-	3,656
Total revenues	16,007	14,211	14,377	24,970	47,736	28,369	145,670
General & administrative expenses	(11,865)	(11,004)	(13,764)	(25,333)	(18,343)	(85,685)	(165,994)
Interest expenses	(4)	-	-	(1,183)	(6,607)	(19,743)	(27,537)
Depreciation & amortisation	(135)	-	-	(1,713)	(1,318)	(5,778)	(8,944)
Provisions	-	-	-	-	(487)	(1,396)	(1,883)
Total expenses	(12,004)	(11,004)	(13,764)	(28,229)	(26,755)	(112,602)	(204,358)
Net gain/(loss) before gains/(losses) from other investments	4,003	3,207	613	(3,259)	20,981	(84,233)	(58,688)
Gains/(losses) from other investments	-	-	-	1,558	1,619	18,510	21,687
Profit/(loss) for the period	4,003	3,207	613	(1,701)	22,600	(65,723)	(37,001)
Attributable to:							
Minority interests	2	(3)	(3)	-	-	(50)	(54)
Equity holders of the parent	4,001	3,210	616	(1,701)	22,600	(65,673)	(36,947)

30 September 2010 Unaudited							
	Private Equity	Asset Management	Investment Banking	Brokerage	Finance	Corporate	Total
Assets	122,878	76,891	7,187	296,908	417,923	1,252,761	2,174,548
Liabilities	2,526	-	-	93,446	90,528	309,299	495,799

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17. SEGMENTAL INFORMATION - continued

1 January 2009 to 30 September 2009 (9 months) Unaudited							
	Private Equity	Asset Management	Investment Banking	Brokerage	Finance	Corporate	Total
Interest income	133	-	-	313	64,453	35,965	100,864
Net fees and commissions	25,984	15,300	1,874	39,689	5,380	8,387	96,614
Trading income	-	-	2,731	5,248	-	-	7,979
Gains/(losses) from investments in SHUAA managed funds	(11,921)	27,663	-	-	-	-	15,742
Total revenues	14,196	42,963	4,605	45,250	69,833	44,352	221,199
General & administrative expenses	(12,277)	(8,304)	(10,859)	(28,686)	(19,238)	(116,338)	(195,702)
Interest expenses	(9)	-	-	(1,234)	(22,587)	(39,208)	(63,038)
Depreciation & amortisation	(1,031)	-	-	(1,756)	(571)	(5,939)	(9,297)
Provisions	-	-	-	(222)	(6,609)	(14,736)	(21,567)
Total expenses	(13,317)	(8,304)	(10,859)	(31,898)	(49,005)	(176,221)	(289,604)
Net gain/(loss) before gains/(losses) from other investments	879	34,659	(6,254)	13,352	20,828	(131,869)	(68,405)
Gains/(losses) from other investments	-	-	-	3,531	-	(318,571)	(315,040)
Profit/(loss) for the period	879	34,659	(6,254)	16,883	20,828	(450,440)	(383,445)
Attributable to:							
Minority interests	869	-	(445)	(698)	-	(7,692)	(7,966)
Equity holders of the parent	10	34,659	(5,809)	17,581	20,828	(442,748)	(375,479)

31 December 2009 Audited							
	Private Equity	Asset Management	Investment Banking	Brokerage	Finance	Corporate	Total
Assets	155,130	97,431	2,896	266,905	551,094	1,776,246	2,849,702
Liabilities	9,411	-	-	82,086	245,943	814,303	1,151,743

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For the period ended 30 September 2010

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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	385,426	2,013	13,434	10,853	384	-	412,110
Receivables and other debit balances	64,966	9,069	3,645	29	-	-	77,709
Installment credits, loans and advances	533,827	93,717	39,957	-	-	-	667,501
Investments in SHUAA managed funds	57,924	78,619	22,010	-	-	-	158,553
Investments in third party associates	131,537	92,148	-	-	-	-	223,685
Other investments	109,860	189,271	5,369	13,137	11,526	121,943	451,106
Fixed assets	33,152	3,336	4,357	-	-	-	40,845
Goodwill	103,794	39,245	-	-	-	-	143,039
Total Assets - 30 September 2010	1,420,486	507,418	88,772	24,019	11,910	121,943	2,174,548
Total Assets - 31 December 2009	1,627,756	810,663	155,527	70,437	74,937	110,382	2,849,702
Total Assets - 30 September 2009	1,655,350	911,744	289,335	140,394	85,676	220,637	3,303,136

19. MATURITY PROFILE

The maturity profile of assets and liabilities as of 30 September 2010, 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.

	Less than 3 Months	3-12 Months	Sub total Less than a year	1-5 Years	Over 5 years	Grand total
Cash and deposits with banks	369,013	-	369,013	43,097	-	412,110
Receivables and other debit balances	14,053	28,702	42,755	34,954	-	77,709
Installment credits, loans and advances	315,330	260,663	575,993	91,508	-	667,501
Investments in SHUAA managed funds*	-	42,558	42,558	115,995	-	158,553
Investments in third party associates*	-	-	-	223,685	-	223,685
Other investments*	39,813	107,600	147,413	303,693	-	451,106
Fixed assets	-	-	-	40,845	-	40,845
Goodwill	-	-	-	-	143,039	143,039
Total Assets	738,209	439,523	1,177,732	853,777	143,039	2,174,548
Due to banks	23,581	100,780	124,361	-	-	124,361
Payables and other credit balances	140,634	45,364	185,998	12,940	-	198,938
Medium-term debt	-	-	-	172,500	-	172,500
Equity	-	-	-	-	1,678,749	1,678,749
Total Liabilities and Equity	164,215	146,144	310,359	185,440	1,678,749	2,174,548
Net liquidity gap	573,994	293,379	867,373	668,337	(1,535,710)	-
Cumulative liquidity gap	573,994	867,373	867,373	1,535,710	-	-

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

19. MATURITY PROFILE - continued

The maturity profile of assets and liabilities as of 31 December 2009 was as follows:

	<i>Less than 3 Months</i>	<i>3-12 Months</i>	<i>Sub total Less than a year</i>	<i>1-5 Years</i>	<i>Over 5 years</i>	<i>Grand total</i>
Cash and deposits with banks	543,459	-	543,459	-	-	543,459
Receivables and other debit balances	24,402	49,708	74,110	35,076	-	109,186
Installment credits, loans and advances	338,779	384,807	723,586	87,112	-	810,698
Investments in SHUAA managed funds*	40,824	103,389	144,213	31,097	-	175,310
Investments in third party associates*	127,714	202,015	329,729	131,537	-	461,266
Other investments*	81,572	179,329	260,901	299,050	-	559,951
Fixed assets	-	-	-	46,793	-	46,793
Goodwill	-	-	-	-	143,039	143,039
Total Assets	1,156,750	919,248	2,075,998	630,665	143,039	2,849,702
Due to banks	140,419	283,278	423,697	-	-	423,697
Payables and other credit balances	227,573	432,578	660,151	8,329	-	668,480
Medium-term debt	-	-	-	59,566	-	59,566
Equity	-	-	-	-	1,697,959	1,697,959
Total Liabilities and Equity	367,992	715,856	1,083,848	67,895	1,697,959	2,849,702
Net liquidity gap	788,758	203,392	992,150	562,770	(1,554,920)	-
Cumulative liquidity gap	788,758	992,150	992,150	1,554,920	-	-

The maturity profile of assets and liabilities as of 30 September 2009 was as follows:

	<i>Less than 3 Months</i>	<i>3-12 Months</i>	<i>Sub total Less than a year</i>	<i>1-5 Years</i>	<i>Over 5 years</i>	<i>Grand total</i>
Cash and deposits with banks	465,151	-	465,151	-	-	465,151
Receivables and other debit balances	65,095	14,542	79,637	41,181	-	120,818
Installment credits, loans and advances	364,261	458,447	822,708	131,326	-	954,034
Investments in SHUAA managed funds*	40,587	77,727	118,314	56,269	-	174,583
Investments in third party associates*	73,460	399,516	472,976	132,383	-	605,359
Other investments*	289,459	161,490	450,949	357,184	-	808,133
Fixed assets	-	-	-	32,019	-	32,019
Goodwill	-	-	-	-	143,039	143,039
Total Assets	1,298,013	1,111,722	2,409,735	750,362	143,039	3,303,136
Due to banks	239,485	287,228	526,713	-	-	526,713
Payables and other credit balances	664,909	180,323	845,232	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	1,371,945	54,667	1,876,524	3,303,136
Net liquidity gap	393,619	644,171	1,037,790	695,695	(1,733,485)	-
Cumulative liquidity gap	393,619	1,037,790	1,037,790	1,733,485	-	-

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the period ended 30 September 2010

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

20. RECLASSIFICATION OF COMPARATIVE INFORMATION

Following approval by the Board, the presentation of the Group's financial information has been revised to better reflect the Group's activities. A consequence of this change is that certain prior year amounts have been reclassified in order to conform to the new presentation, as adopted.

The specific line items to which the reclassification adjustments have been made are as follows:

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>As of 31 December 2009</i>			<i>As of 30 September 2009</i>		
	<i>Reclassified</i>	<i>Original</i>	<i>Variance</i>	<i>Reclassified</i>	<i>Original</i>	<i>Variance</i>
Assets						
Investments in SHUAA managed funds	175,310	-	175,310	174,583	-	174,583
Investments in third party associates	461,266	-	461,266	605,359	-	605,359
Other investments	559,951	-	559,951	808,133	-	808,133
Investment securities	-	415,563	(415,563)	-	588,427	(588,427)
Investments available for sale	-	222,107	(222,107)	-	309,747	(309,747)
Investments held to maturity	-	81,208	(81,208)	-	84,542	(84,542)
Investments in associates	-	477,649	(477,649)	-	605,359	(605,359)
	1,196,527	1,196,527	-	1,588,075	1,588,075	-

INTERIM CONSOLIDATED STATEMENT OF INCOME

	<i>As of 30 September 2009</i>		
	<i>Reclassified</i>	<i>Original</i>	<i>Variance</i>
Interest income	100,864	112,064	(11,200)
Trading income	7,979	-	7,979
Gains/(losses) from investments in SHUAA managed funds	15,742	-	15,742
Provisions	(21,567)	(120,760)	99,193
Gains/(losses) from other investments, including investments in third party associates	(315,040)	-	(315,040)
Net income from investment securities	-	57,116	(57,116)
Income from investments	-	8,532	(8,532)
Share of (loss)/profit of associates	-	(10,018)	10,018
Impairment charges	-	(258,956)	258,956
	(212,022)	(212,022)	-

If the Interim Consolidated Statement of Income for the period ending 30 September 2010 had been presented using the same presentation format as used in the annual financial statements of 31 December 2009, the sub totals on the face of the statement of income would have been:

	30 September
	2010
	Unaudited
Net interest income	45,406
Investment banking income	104,469
Operating income	131,820
Operating expense	(168,821)

21. COMMITMENTS AND CONTINGENT LIABILITIES

The Group had the following outstanding commitments and contingent liabilities:

	<i>30 September 2010 Unaudited</i>	<i>31 December 2009 Audited</i>
Contingent liabilities	44,457	255,872
Commitments		
SHUAA managed funds	100,638	251,057
Other investments	64,918	106,823