

PRESS RELEASE

For immediate release

SHUAA reports negative earnings of AED 197.9m for first quarter 2009 with positive outlook

- First quarter net loss attributable to shareholders of AED197.9 million represents a 65.7 per cent improvement over fourth quarter 2008 net loss of AED577.4 million
- Results include AED42.8 million in negative income from associates, AED59.2 million in provisions for one of our associates, and AED68.5 million in book losses due to mark-to-market reductions
- Diluted earnings per share (EPS) were negative AED 0.248 for first quarter 2009 versus negative AED 0.724 as of 31 December 2008
- General & administrative expenses reduced by 31 per cent to AED73.1 million during first quarter 2009 (fourth quarter 2008: AED106 million)
- Balance sheet remains strong with AED 3.8 billion in total asset, AED 1.8 billion in liabilities and AED 2.0 billion in shareholder's equity
- Liquidity remains strong with over AED 400 million in cash and deposits with banks while total liabilities were reduced by AED341.9 million during the first quarter
- Client's funds under management only slightly lower at AED4.5 billion, down from AED4.7 billion last quarter

Dubai – 7 May 2009: SHUAA Capital's first quarter results reflect a significant improvement over the last quarter. Despite significant efforts to enhance profitability, through cost-cutting measures, and focus on growing our fee businesses, book losses from investments still overshadowed the overall results.

SHUAA's fee generating businesses, which were profitable during the financial year 2008, but posted a net loss in the last quarter of 2008, recorded a net profit for the first quarter 2009.

Negative earnings attributable to shareholders were AED197.9 million during first quarter 2009. This improvement over the negative earnings of AED577.4 million during the fourth quarter 2008 was mainly due to lower book losses on risk positions

that were either exited or have already been reflected in the income statement during the last two quarters.

Mr. Majid Al Ghurair, Chairman of SHUAA Capital, commented:

“SHUAA’s current performance reflects the particular challenges of our industry which cannot be compared to other listed companies in the UAE”. He continued: “We believe that we have made all the difficult decisions and have left the worst behind us. The continued market turmoil during the first quarter strained our results but there has been a significant improvement in market sentiment since the beginning of March, and we are positive on the rest of this year.”

Mr. Iyad Duwaji, Chief Executive Officer of SHUAA Capital, highlighted:

“We remain hard at work to return to profitability in 2009. Despite the recent headlines, the reality is that we remain committed to our clients and with over 400 professionals across the GCC region, they can count on us to help them navigate through these difficult times.”

He added: “We have increased our market share in our brokerage business in the UAE in 2009 where we now rank second, and we are seeing renewed investor interest which we hope will translate into fresh inflows later in the year.”

Segmental Reporting First Quarter 2009 – Highlights

Private Equity

The business unit recorded profit of AED 6.3 million (US\$ 1.7 million) as compared to a net loss of AED 8.8 million (US\$ 2.4 million) in the fourth quarter of 2008. However a one time adjustment made to fees other than the basic management fee in the current and past quarter make comparison between the two quarters not useful.

The Unit profit was adjusted by a one time reversal of fee recognized in 2008 of AED 2.7 million resulting in the division net income to be AED 3.5 million. Looking ahead, we believe that SHUAA Partners will continue to thrive based on since its market niche, track record and proprietary deal flow. In addition, its business model does not rely on debt as driver of returns, and its exit strategy is not dependent on a buoyant IPO market.

In an era of closed equity capital markets and scarce debt financing, corporations seeking traditional financing options are expected to turn to private equity players like SHUAA Partners who have access to equity capital.

Asset Management

As clients continued to be subject to forced liquidations the asset management division reported net redemptions for the quarter, albeit on a lower scale than during the last quarter.

The asset management division managed to return to profitability. In the first quarter 2009, the division recorded a net profit of AED 1.7 million (US\$ 0.4 million) as compared to a net loss of AED 0.2 million (US\$ 0.05 million) in the fourth quarter of 2008.

The global de-leveraging has forced international and regional investors to redeem their investments in order to raise cash. Overall, assets under management, which had risen to AED 6.6 billion (US\$ 1.8 billion) in June 2008, fell back to a level of AED 1.4 billion (US\$ 381 million) at the end of March 2009.

SHUAA Asset Management remains a manager of choice benefiting from the longest regional track record, a strong client services team and regional brand awareness.

Looking ahead, SHUAA Asset Management is well placed benefit from the first signs of recovery that it expects to emerge. In the meantime, early signs are already visible as the slowdown in redemptions gives way to net inflows.

Investment Banking

The division recorded a net loss of AED 5.1 million (US\$ 1.3 million) during the first quarter of 2009 as compared to a net profit of AED 0.9 million (US\$ 0.2 million) in the fourth quarter 2008. Against a difficult economic backdrop of the primary market being on hold, the investment banking team saw all clients continue to delay money raising plans as result of the current depressed market valuations

As of 31 March 2009, the team has a promising pipeline of 11 signed mandates in the UAE alone, and 3 signed mandates in the Kingdom of Saudi Arabia. Fees from such mandates are expected to materialize as markets start to recover.

However, the investment banking division is confident that it can execute M&A mandates in 2009.

In the first quarter, the team continued to work closely with the firm's clients, offering assistance on restructuring and merger or acquisition engagements.

Brokerage

Brokerage saw strong performance during the same reporting period last year but as the sharp fall in trading activity and values continued, the division recorded a combined net loss of AED 1.3 million (US\$ 0.3 million) for the first quarter 2009 as opposed to a net loss of AED 2.4 million (US\$ 0.6 million) in the fourth quarter of 2008. However, the core operation of retail brokerage in the UAE made a net profit.

More importantly, by April of 2009, SHUAA Securities was able to increase its market share and take over second position among all brokerages in the UAE.

SHUAA Securities also made good progress in 2008 in developing its regional platform. Recently, SHUAA Capital Saudi Arabia was awarded a brokerage license by the Capital Market Authority and has now launched its brokerage operation in Saudi Arabia.

SHUAA Securities recently rolled out a state of the art online brokerage platform and will consolidate regional brokerage to gain more efficiency.

As expected, 2009 is proving to be a challenging year for brokerage businesses. The markets will see a reduced amount of trading volumes and the lower price of shares will further reduce income. Despite this, SHUAA Securities expects to be comfortably profitable, and expects to gain market share from smaller brokerages, especially those who over the last few years used margin and leverage to attract high net worth clients.

SHUAA Securities' credit risk from client margin balances has been well managed due to its strong risk management framework, drawing on its long track record and experience of the 1998 and 2005 market downturns.

The firm believes the brokerage markets will recover from within each market first with local institutions and high net worth investors initiating early trading flows. This validates our strategy of having a local presence in each of the main regional markets, where many of our existing institutional and high net worth clients already use us for UAE brokerage services.

Finance

The finance division recorded a net profit of AED 9.1 million (US\$ 2.5 million) for the first quarter as compared to a net profit of AED 6.5 million (US\$ 1.8 million) during the fourth quarter last year. Over the period, total assets increased to AED 793.5 million (US 216.2 million).

Gulf Finance has enjoyed a strong start to 2009, continuing its successful long-term track-record. The business has seen continued top-line momentum, further improved its funding position and kept customer delinquencies at manageable levels.

Since the third quarter of 2008, Gulf Finance has focused on building a strong liquidity base to better position the business against any downturn in the local market. During the first quarter of 2009, Gulf Finance has succeeded in diversifying its funding mix, has been able to extend the maturity profile of its drawn bank debt, and has significantly scaled back new lending including a complete cessation of construction related asset finance lending in Dubai and Abu Dhabi.

In line with expectations, customer delinquency levels on the asset finance book have started to increase, though these remain within manageable levels. As of 31 March 2009, cumulative overdue on the asset finance portfolio amounted to 2.2% of the portfolio (31 December 2008: 1.6%). The business continues to be adequately provided, with provisions as a percentage of non-performing loans being 188%.

Corporate

Corporate manages future corporate development and controls all cash and shared service expenses related to the Group. The corporate portfolio holds equity stakes in five companies that are held in available for sale, and SHUAA's investment portfolio in its own funds as well as selected third party funds. This business segment also comprises strategy and business development, legal and compliance, finance, operations, risk management, investor relations, marketing, corporate communications and human resources, including Group wide employee compensation and benefits.

For the first quarter, the division recorded a net loss of AED 205.9 million (US\$ 56 million) resulting from mark-to-market reductions in asset valuations as compared to a net loss of AED 573.3 million (US\$ 156.2 million) in the last quarter of 2008. Looking ahead, we will maintain strong liquidity and ensure low cost funding through better resource management and lower risks.

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About SHUAA Capital psc:

Since 1979, SHUAA Capital has played a prominent role in shaping the financial services landscape of the GCC and will continue to be at the vanguard of regional integration into global financial markets. www.shuaacapital.com

SHUAA Capital psc maintains a leadership position in Investment Banking, Asset Management, Brokerage, Private Equity, Finance, and Research. Headquartered in Dubai, in the United Arab Emirates, SHUAA Capital has a regional presence with offices in Abu Dhabi, Riyadh, Doha, Cairo, Beirut and Istanbul.

Embedded in the dynamic economic environment of the Gulf Cooperation Council (GCC), SHUAA Capital provides a broad range of financial services to corporations, governments, institutional clients, and high net worth individuals.

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