Press Release

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SHUAA reports third quarter 2011 results

- 3Q 2011 total revenues were AED 30.6 million before net losses on investments in SHUAA managed funds of 14.2 million (3Q 2010 AED 49 million before net gains on investments in SHUAA managed funds of AED 2.8 million)
- 3Q 2011 Total net loss was AED 156.2 million (3Q 2010 Profit of AED 0.2 million) reflecting prudent valuation reductions and provisioning
- Continued reduction of risk exposures
- Balance sheet remains solid with total assets of AED 1.7 billion, (3Q 2010 AED 2.2 billion) including AED 341.2 million in cash, against total liabilities of AED 396.5 million. Total equity stands at AED 1.3 billion
- Assets under management increased by 46% to AED 968 million from AED 664 million this time last year
- Gulf Finance generated a net profit of AED 10.6 million on revenues of AED 16.8 million

Dubai – 17 November 2011: SHUAA Capital today reported results for the third quarter and nine month period 2011. Revenues in the third quarter 2011 were lower in line with reduced market activity to AED 14.2 million (3Q 2010: AED 51.8 million) and a net loss of AED 156.2 million (3Q 2010 AED Profit of 0.2 million).

The financial services industry witnessed extraordinary market disruptions in September and significant changes to the competitive landscape. These events led to a very difficult operating environment, predominantly in the brokerage business. In the face of these adverse market conditions, the Company has taken a prudent approach to provisions as well as its non-core asset valuations.

Consequently for the third quarter, SHUAA Capital has revalued its non-core assets by AED 83.5 million and has taken provisions and one off charges of AED 41.2 million leading to the total loss of AED 181.9 for the first nine months of the year.

SHUAA Capital remains in a position of relative strength and is one of the best capitalized investment banks in the MENA region with AED 1.3 billion in total equity, AED 341.2 million in Cash against AED 396.5 million in

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liabilities. Whilst international and local players are pulling out of the region, SHUAA Capital recently announced a number of strategic alliances, growing assets under management and a more client-centric approach to serving the needs of high-net-worth-individuals, family businesses, SMEs and institutional clients.

Uncertainty caused by the European debt crisis and the rapidly changing political landscape in the Arab region has further impacted sentiment towards capital markets. The macro environment has forced many financial service providers in the MENA region to re-evaluate their business models leading to some domestic and international players ceasing operations.

SHUAA Capital will be focusing on asset management, corporate advisory and institutional brokerage and will be providing clients a truly integrated offer.

With a new Chairman and CEO on board, a clear strategy to enhance income generation and additional cost reduction measures, the Firm has a great opportunity to emerge as the regional powerhouse.

HH Sheikh Maktoum bin Hasher Al Maktoum, Chairman of SHUAA Capital said:

"It was necessary and prudent to take valuation adjustments and provisions in the third quarter 2011 rather than be subject to risk exposures in 2012. The world of investment banking is going through a structural change. I believe that we have found the right operating model as an investment bank in this region and we are in the process of implementing our strategy. Focusing on SHUAA's core strengths, asset management, corporate advisory, finance and institutional brokerage, we will become the leading regional platform where seekers and providers of capital meet."

"Our objective over the next six months is to commence implementation of our strategy and complete 50% of our transformation. We expect to have 100% implemented by the end of the year 2012."

Michael Philipp, CEO of SHUAA Capital added:

"We are building a new SHUAA that places our clients at the heart of everything we do and will enable us to achieve our financial targets. We will continue to invest in the quality of our people, realign our asset management, corporate advisory, brokerage and finance businesses in order to better leverage our existing infrastructure. We are already working on streamlining our operating model to significantly lower our cost base and a number of related initiatives, including the repositioning of underperforming businesses."

"The implementation of our new strategy will take time but I expect us to quickly realize the benefits of changing the way we engage and serve our clients. We expect market conditions to remain challenging and we are cautious with regard to the outlook for the quarters ahead. However, I am convinced that SHUAA Capital now has the right business model, strategy and financial position to succeed in a changed market landscape."

Rightsizing and revenue enhancement program

Consistent with disclosures made earlier this year, SHUAA Capital has initiated a systematic rightsizing and revenue enhancement program to improve its operational efficiency and adapt its cost structure to the tough business climate. In line with this program, the Company has decided to enter phase two of the cost reduction program which will see further rightsizing measures. This includes a reduction of administrative expenses, the amalgamation and further alignment of departments, a recalibration of budgets and a significant headcount reduction, which is primarily related to repositioning the brokerage business and associated operational and administrative expenses.

SHUAA Securities' retail business has been running at a net loss for the past two years. Retail brokerages in the UAE rely heavily on market volumes which are outside of the Firm's control. SHUAA Capital's Board of Directors has resolved and will seek approval from regulators to implement its strategic plan to shift away from retail brokerage and focus predominantly on serving institutional clients and high net worth individuals.

SHUAA will retain its brokerage license in the UAE and Saudi Arabia. Selected clients will be transitioned to the institutional desk which will provide a more enhanced service platform. Retail clients will have the option and support from SHUAA Securities to migrate their accounts to other local brokers.

As part of the plan to offer a client-centric brokerage proposition, SHUAA Capital will recruit relationship managers to service high-net-worth-individual clients and increase the size of its institutional desk. SHUAA Capital recently announced the launch of the SHUAA Bloomberg Tradebook Direct Market Access (DMA) trading platform. This new technology allows both local and international institutional investors to trade equity products on the DFM and ADX.

Balance Sheet

SHUAA Capital maintained a strong balance sheet with a solid asset base and minimal debt. Total assets were AED 1.7 billion at the end of September 2011, including AED 341.2 million in cash, against total liabilities of AED 396.5 million. Total shareholder's equity stands at AED 1.3 billion.

Non-core assets stood at AED 402.9 million, including AED 137.7 million of investments in third party associates, AED 10.7 million of investment in third party funds, AED 36.0 million in equities, AED 86.6 million in bonds, AED 124.4 million of investments available for sale and 7.5 million of investments held to maturity.

The Company has taken the prudent decision to write down the value of these investments by AED 83.5 million. This includes a valuation adjustment of AED 58.3 million on third party associates and AED 25.2 million on other investments. Total investments in SHUAA managed funds increased by AED 4.1 million to AED 208.9 million up from AED 204.8 million in the second quarter 2011.

Segmental Information

Finance

Gulf Finance which offers a variety of lending and deposit based products for small and medium sized enterprises in commercial and consumer markets continued to perform well and make a considerable contribution to the Group's results.

The business recorded revenues of AED 16.8 million in the period (3Q 2010: AED 14.9 million) and a profit of AED 10.6 million in 3Q 2011, compared to AED 6.5 million in 3Q 2010.

During the third quarter, the Finance business generated AED 136 million of new business, a 154 % increase on the comparable period in 2010 and a 2 % decrease on the second quarter 2011. Non-performing loans remained low at AED 8 million (3Q 2010: AED 12 million), or 2 % of the total loan portfolio.

Asset Management

SHUAA's flagship funds, the Arab Gateway Fund and the Emirates Gateway Fund, have both consistently outperformed their respective benchmarks of the S&P Pan Arab and UAE Composite indices in 2011
SHUAA Asset Management has seen its strong funds performance record drive growth in assets under management by 46% to AED 968 million from AED 664 million this time last year and up 47 % to AED 1 billion by end of October 2011 from AED 680 million in Q4 2010. The business reported revenues of AED 1.8 million (3Q 2010: AED 6.9 million) and a loss of AED 0.3 million (3Q 2010 profit of AED 3.7 million).

Net inflows of assets, despite the harsh economic climate, have been especially strong from UAE and Saudi Arabian investors and recently SHUAA was awarded a significant mandate from a major UK-based investor.

During the period SHUAA Capital and National Bonds Corporation PJSC signed a memorandum of understanding to establish a strategic alliance whereby SHUAA Capital and its associated companies will provide financial advisory, brokerage, and investment management services to National Bonds in the United Arab Emirates and the broader Middle East and North Africa region. National Bonds Corporation PJSC is the UAE's leading Shariah-compliant savings scheme with over AED 5 billion under management. This is a significant development and strong endorsement of SHUAA's investment process.

Private Equity

In order to stream line activities and focus on areas of strength SHUAA's private equity business will now report into asset management. The private equity team will focus on the SHUAA Hospitality Fund, which continues to look for opportunities to deploy capital as well as progress the developments in which it is already active, and the management of the heritage portfolio.

SHUAA's two older funds; SHUAA Partners Fund 1 and Frontier Opportunities Fund 1, are monitoring exit opportunities on the remaining investments and have stopped charging management fees from 3Q 2011. These two funds have performed well during their life cycle and have produced strong returns. Today the funds have three remaining investments which will be held until markets recover and can be sold at sensible valuations. SHUAA continues to monitor exit opportunities, but is under no pressure to sell these assets all of which are strong businesses.

In 3Q 2011, revenues were AED 2.9 million (3Q 2010: AED 7.4 million) and profits were AED 1.2 million (3Q 2010: AED 3.2 million).

Investment Banking

The investment banking division continues to build its pipeline of mandates in preparation for improved market conditions and remains well placed for the re-emergence of the primary markets activity in the UAE. At the same time, the division will be broadening its service portfolio to better serve family businesses as well as small and medium sized enterprises.

In 3Q 2011, the Investment Banking Division revenues were AED 0.6 million (3Q 2010: AED 6.9 million) and losses were AED 9.7 million (3Q 2010: profit of AED 2.9 million).

Brokerage

Volumes on the Dubai Financial Market (DFM) and the Abu Dhabi Securities Exchange (ADX), as well as other regional markets, have fallen to all-time lows as investors have dramatically reduced equity trading. It has become increasingly clear that even the largest securities firms in the UAE, despite market consolidation, are unable to generate profit in retail brokerage and a number of players have withdrawn from the market.

In 3Q 2011, revenues were AED 3.7 million (3Q 2010: AED 5.8 million) and losses were AED 38.7 million (3Q 2010: AED loss of 3.7 million).

Corporate

The Corporate Centre reported negative revenues of AED 9.5 million in 3Q 2011 (3Q 2010: revenues AED 9.9 million) and a loss for the period of AED 119.6 million (3Q 2010: AED 12.4 million) due to absorbing general and administrative expenses of AED 29.5 million, interest expenses of AED 2.5 million, depreciation of AED 1.0 million, reversal of provisions of AED 2.0 million and losses on SHUAA managed funds of AED 14.2 million.

- Ends -

Cautionary Statement Regarding Forward-Looking Information

The statements contained herein may include statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.