SHUAA Capital PSC

INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION AND REVIEW REPORT
FOR THE SIX MONTH PERIOD ENDED
30 JUNE 2012

Deloitte.

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Report on Review of Interim Condensed Consolidated Financial Information

The Shareholders
SHUAA Capital PSC
Dubai
United Arab Emirates

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of **SHUAA Capital PSC and its Subsidiaries** (the "**Group**") as of 30 June 2012 and the related interim consolidated statements of income, comprehensive income, cash flows and changes in equity for the period from 1 January 2012 to 30 June 2012, and a summary of significant accounting policies and other explanatory information. The Directors of the Group are responsible for the preparation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34 'Interim Financial Reporting' ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with 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 and consequently 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 information is not presented fairly, in all material respects in accordance with IAS 34.

Deloitte & Touche (M.E.)

Anis Sadek
Registration Number 521
9 August 2012

Interim Consolidated Statement of Financial Position

As of 30 June 2012

(In Thousands of U.A.E. Dirhams)

	Notes	***30 June 2012 Unaudited***	*31 December 2011 Audited*	*30 June 2011 Unaudited*
Assets				
Cash and deposits with banks	3	**272,188**	340,207	411,758
Receivables and other debit balances		**78,960**	43,513	46,066
Installment credits, loans and advances	4	**563,103**	576,444	601,712
Investments in SHUAA managed funds	5	**230,118**	232,721	204,752
Investments in third party associates	6	**141,836**	135,526	194,466
Other investments	7	**122,291**	213,644	276,575
Property and equipment		**27,529**	29,927	38,070
Goodwill		**34,111**	34,111	103,794
Total Assets		**1,470,136**	1,606,093	1,877,193
Liabilities				
Due to banks	8	**160,460**	222,181	145,463
Payables and other credit balances		**135,195**	161,238	170,971
Medium term debt	9	**33,542**	53,750	105,833
Total Liabilities		**329,197**	437,169	422,267
Equity				
Share capital		**1,065,000**	1,065,000	1,065,000
Treasury shares	10	**(14,458)**	(14,458)	(14,458)
Employee stock option plan shares	11	**(86,603)**	(86,603)	(86,603)
Statutory reserve		**197,994**	728,295	728,295
Accumulated losses	22	**(23,686)**	(530,301)	(259,728)
Investment revaluation reserve	12	**1,741**	6,803	22,323
Translation reserve		**(192)**	(217)	(208)
Equity attributable to the shareholders of the parent		**1,139,796**	1,168,519	1,454,621
Non controlling interests		**1,143**	405	305
Total Equity		**1,140,939**	1,168,924	1,454,926
Total Liabilities and Equity		**1,470,136**	1,606,093	1,877,193

The interim condensed consolidated financial information was approved by the Directors on 9 August 2012.

Maktoum H. Al Maktoum Executive Chairman	Colin Macdonald Chief Executive Officer

The attached notes 1 to 22 form an integral part of this interim condensed consolidated financial information.

Interim Consolidated Income Statement

For the period ended 30 June 2012

(In Thousands of U.A.E. Dirhams)

	Notes	***1 April to 30 June 2012 (3 months) Unaudited***	***1 January to 30 June 2012 (6 months) Unaudited***	*1 April to 30 June 2011 (3 months) Unaudited*	*1 January to 30 June 2011 (6 months) Unaudited*
Interest income		**21,393**	**42,765**	19,648	37,876
Net fees and commissions		**12,135**	**24,200**	13,129	29,871
Trading income		**(8)**	**17**	241	398
Gains /(losses) from investments in SHUAA managed funds	13	**(11,312)**	**10,240**	2,685	(5,315)
Total revenues		**22,208**	**77,222**	35,703	62,830
General and administrative expenses		**(39,803)**	**(94,735)**	(52,077)	(110,020)
Interest expense		**(3,002)**	**(6,797)**	(3,854)	(8,241)
Depreciation		**(1,865)**	**(4,201)**	(2,742)	(5,591)
Provisions		**(5,602)**	**(6,627)**	(4,110)	(5,954)
Total expenses		**(50,272)**	**(112,360)**	(62,783)	(129,806)
Net loss before gain from other investments		**(28,064)**	**(35,138)**	(27,080)	(66,976)
Gains from other investments, including investments in third party associates	14	**12,216**	**11,476**	27,688	41,240
(Loss)/profit for the period		**(15,848)**	**(23,662)**	608	(25,736)
Attributable to:					
Non controlling interests		**6**	**740**	(18)	(52)
Equity holders of the parent		**(15,854)**	**(24,402)**	626	(25,684)
Basic (loss)/earnings per share (in AED)	15	**(0.015)**	**(0.023)**	0.001	(0.024)

The attached notes 1 to 22 form an integral part of this interim condensed consolidated financial information.

Interim Consolidated Statement of Comprehensive Income

For the period ended 30 June 2012

(In Thousands of U.A.E. Dirhams)

	1 April to 30 June 2012 (3 months) Unaudited	***1 January to 30 June 2012 (6 months) Unaudited***	*1 April to 30 June 2011 (3 months) Unaudited*	*1 January to 30 June 2011 (6 months) Unaudited*
(Loss)/profit for the period	**(15,848)**	**(23,662)**	608	(25,736)
Other comprehensive loss/(income)				
Net revaluation reserve movement on:				
- Investments in SHUAA managed funds	**(3,282)**	**-**	(1,040)	(271)
- Other investments	**(4,993)**	**(6,412)**	(2,159)	8,006
Share of other comprehensive income of associates	**(387)**	**1,350**	1,583	(3,455)
Exchange differences on translation of foreign operations	**20**	**23**	(10)	(51)
Other comprehensive (loss)/income for the period	**(8,642)**	**(5,039)**	(1,626)	4,229
Total comprehensive loss for the period	**(24,490)**	**(28,701)**	(1,018)	(21,507)
Attributable to:				
Non controlling interests	**8**	**738**	(21)	(55)
Equity holders of the parent	**(24,498)**	**(29,439)**	(997)	(21,452)

Interim Consolidated Statement of Cash Flows

For the period ended 30 June 2012

(In Thousands of U.A.E. Dirhams)

	1 January to 30 June 2012 (6 months) Unaudited	*1 January to 30 June 2011 (6 months) Unaudited*
Operating activities		
Loss for the period	**(23,662)**	(25,736)
Adjustments:		
Depreciation	**4,201**	5,591
Unrealised (gain)/loss on investments in SHUAA managed funds	**(10,240)**	5,317
Losses/(gains) from other investments	**(11,476)**	(38,095)
Share based payments charge	**716**	1,634
Provisions	**6,627**	5,954
Operating loss before changes in operating assets and liabilities	**(33,834)**	(45,335)
Changes in operating assets and liabilities:		
Decrease/(increase) in receivables and other debit balances	**9,913**	(7,141)
Decrease/(increase) in installment credits, loans and advances	**13,465**	(1,331)
(Decrease)/increase in payables and other credit balances	**(32,793)**	619
Net sale/(acquisition) of SHUAA managed funds	**12,844**	(39,909)
Net cash used in operating activities	**(30,405)**	(93,097)
Investing activities		
Net proceeds from other investments/associates	**46,098**	134,097
Dividends received	**-**	2,000
Net purchase of property and equipment	**(1,803)**	(1,754)
Net cash from investing activities	**44,295**	134,343
Financing activities		
Increase in medium term debt	**6,458**	15,208
Decrease in amounts due to banks	**(88,388)**	(41,801)
Net cash used in financing activities	**(81,930)**	(26,593)
(Decrease)/increase in cash and cash equivalents	**(68,040)**	14,653
Foreign currency translation	**21**	(44)
Cash and cash equivalents at beginning of the period	**340,207**	397,149
Cash and cash equivalents at end of the period	**272,188**	411,758

The attached notes 1 to 22 form an integral part of this interim condensed consolidated financial information.

Interim Consolidated Statement of Changes In Equity

For the period ended 30 June 2012

(In 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*	*Total*	*Non controlling interests*	*Total*
Balance as of 1 January 2011 ***(Audited)***	**1,065,000**	**(14,458)**	**(86,603)**	**728,295**	**(235,678)**	**18,043**	**(160)**	**1,474,439**	**360**	**1,474,799**
Total comprehensive loss for the period	-	-	-	-	(25,684)	4,280	(48)	(21,452)	(55)	(21,507)
Share based payments charge	-	-	-	-	1,634	-	-	1,634	-	1,634
Balance as of 30 June 2011 ***(Unaudited)***	**1,065,000**	**(14,458)**	**(86,603)**	**728,295**	**(259,728)**	**22,323**	**(208)**	**1,454,621**	**305**	**1,454,926**

	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*	*Total*	*Non controlling interests*	*Total*
Balance as of 1 January 2012 ***(Audited)***	**1,065,000**	**(14,458)**	**(86,603)**	**728,295**	**(530,301)**	**6,803**	**(217)**	**1,168,519**	**405**	**1,168,924**
Total comprehensive loss for the period	-	-	-	-	(24,402)	(5,062)	25	(29,439)	738	(28,701)
Accumulated losses offset (***note 22***)	-	-	-	(530,301)	530,301	-	-	-	-	-
Share based payments charge	-	-	-	-	716	-	-	716	-	716
Balance as of 30 June 2012 ***(Unaudited)***	**1,065,000**	**(14,458)**	**(86,603)**	**197,994**	**(23,686)**	**1,741**	**(192)**	**1,139,796**	**1,143**	**1,140,939**

The attached notes 1 to 22 form an integral part of this interim condensed consolidated financial information.

(In Thousands of U.A.E. Dirhams)

1. LEGAL STATUS AND ACTIVITIES

SHUAA Capital psc (the "Parent 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 and its subsidiaries (the "Group") conduct 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.

Details of the Company's material subsidiaries as at 30 June 2012 are as follows:

Name	**Country of incorporation**	**Principle activities**	**Holding** ***30 June 2012***	Holding *31 December 2011*
Gulf Finance Corporation PJSC	United Arab Emirates	Financing	**100.0%**	100.0%
SHUAA Capital International Limited	United Arab Emirates	Brokerage	**100.0%**	100.0%
SHUAA Partners Limited	United Arab Emirates	Private Equity	**100.0%**	100.0%
SHUAA Securities LLC	United Arab Emirates	Brokerage	**100.0%**	100.0%
SHUAA Capital Saudi Arabia CJSC	Saudi Arabia	Financial services	**99.6%**	99.6%
Nile One Limited	Egypt	Brokerage	**100.0%**	100.0%
Asia Brokers Limited	Jordan	Brokerage	**94.3%**	94.3%

2. SIGNIFICANT ACCOUNTING POLICIES

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

The interim condensed consolidated financial information is presented in thousands of United Arab Emirates Dirhams since that is the country in which the Parent Company is domiciled and the majority of the Group's business is transacted.

The interim condensed consolidated financial information has been prepared on the historical cost basis, except for the revaluation of certain financial instruments which are stated at their fair value.

The accounting policies adopted, methods of computation, critical accounting judgments and key sources of estimation uncertainty are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2011.

The interim condensed consolidated financial information does not include all the information required for full annual consolidated financial statements and should be read in conjunction with the Group's audited consolidated financial statements as at and for the year ended 31 December 2011. In addition, results for the six-month period ended 30 June 2012 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2012.

The Group's financial risk management objectives and policies are consistent with those disclosed in the audited consolidated financial statements as at and for the year ended 31 December 2011.

All significant inter group company balances, income and expenses are eliminated on consolidation.

No income of a seasonal nature was recorded in the interim consolidated statement of income for the six-month periods ended 30 June 2012 and 2011.

The Group has not applied any of the new and revised IFRSs that have been issued but are not yet effective. The Group anticipates that these new standards will be adopted in the Group's consolidated financial statements in the year of initial application and that the application of such standards may have significant impact on amounts reported in respect of the Group's statements. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

(In Thousands of U.A.E. Dirhams)

3. CASH AND DEPOSITS WITH BANKS

Cash and deposits with banks include a fixed deposit of 21,500 (31 December 2011 – 43,097) with a local bank, which is held as collateral for a Central Bank guarantee.

4. INSTALLMENT CREDITS, LOANS AND ADVANCES

Installment credits, loans and advances comprise the following:

	30 June 2012 Unaudited	*31 December 2011 Audited*
Installment credits, loans and advances	**535,498**	502,562
Margin lending	**153,073**	193,476
	688,571	696,038
Less: Cumulative allowance for impairment	**(113,181)**	(111,905)
Less: Interest in suspense	**(12,287)**	(7,689)
	563,103	576,444

5. INVESTMENTS IN SHUAA MANAGED FUNDS

Investments in SHUAA managed funds consist of the following:

	30 June 2012 Unaudited	*31 December 2011 Audited*
Held at fair value through profit or loss	**153,187**	153,513
Available for sale	**-**	12,778
Associates	**76,931**	66,430
	230,118	232,721

Available for sale
During the period the Group's investment in SHUAA Partners Fund was fully redeemed for 15,283 realising a net gain of 2,505.

Associates
The Group owns 28.6% (31 December 2011: 27.8%) 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 this 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. As a consequence of cross investment holdings by this fund the Group indirectly own 27.6% (31 December 2011: 27.1%) of SHUAA Saudi Hospitality Fund I, a closed ended investment fund regulated by the Capital Markets Authority in Saudi Arabia. The principal purpose of the SHUAA Saudi Hospitality Fund I is to achieve long term capital growth through investing in hospitality related real estate in the Kingdom of Saudi Arabia.

The Group owns 35.5% (31 December 2011: 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 this fund is to undertake direct or indirect investments in Syria, Lebanon and Jordan.

(In Thousands of U.A.E. Dirhams)

6. INVESTMENTS IN THIRD PARTY ASSOCIATES

The Group has the following investments in third party associates:

	30 June 2012 Unaudited	*31 December 2011 Audited*
U.A.E.	**71,355**	63,179
Other G.C.C.	**70,481**	72,347
	141,836	135,526

City Engineering LLC
The Group owns 40.0% (31 December 2011: 40%) of City Engineering LLC, a limited liability company based in Sharjah U.A.E. and engaged in contracting activities. The recoverable amount of this asset has been determined based on equity accounting net of an impairment provision.

Septech Holding Limited
Septech Holding Limited is a limited liability company, incorporated in Cayman Islands and based in Sharjah U.A.E., engaged in wastewater, water, marina and related infrastructure products and services. The Group owns 49.0% (31 December 2011: 49.0%) of Septech Holding Limited. The recoverable amount of this asset has been determined based on equity accounting net of an impairment provision.

Amwal
The Group owns 46.7% (31 December 2011: 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 recoverable amount of this asset has been determined based on equity accounting net of an impairment provision.

7. OTHER INVESTMENTS

Other investments comprise the following:

	30 June 2012 Unaudited	*31 December 2011 Audited*
Investment held at fair value through profit or loss	**65,621**	97,558
Investments available for sale	**49,151**	108,567
Investments held to maturity	**7,519**	7,519
	122,291	213,644

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

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

	30 June 2012 Unaudited	*31 December 2011 Audited*
Fund investments	**5,024**	9,261
Quoted equity securities	**34**	15,975
Fixed income securities	**60,563**	72,322
	65,621	97,558

(In Thousands of U.A.E. Dirhams)

7. OTHER INVESTMENTS - continued

b) Investments available for sale

Investments available for sale comprise the following:

	30 June 2012 Unaudited	*31 December 2011 Audited*
Quoted equity investments	**2,987**	9,181
Unquoted fund investments	**46,164**	99,386
	49,151	108,567

Unquoted fund investments
During the period the Group exited from three of its investments in private equity funds for 45,362 realising a net gain of 3,371.

c) Investments held to maturity

Investments held to maturity comprise the following:

	30 June 2012 Unaudited	*31 December 2011 Audited*
Fixed income securities	**7,519**	7,519
	7,519	7,519

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.

	30 June 2012 Unaudited	*31 December 2011 Audited*
Term loans repayable within twelve months	**160,460**	222,181

The Group's banking facilities carry EIBOR based floating interest rates plus a spread ranging between 3.0% and 4.5%.

At 30 June 2012, letters of guarantee on behalf of the Group amounting to 98,704 (31 December 2011: 153,698) 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.

Included within term loans is 80,000, being the component of a term loan from a local bank secured by a charge over certain of the Group's assets.

9. MEDIUM TERM DEBT

Medium term debt comprises the following:

	30 June 2012 Unaudited	*31 December 2011 Audited*
Term loans	**33,542**	53,750

(In Thousands of U.A.E. Dirhams)

10. TREASURY SHARES

The Group held the following treasury shares at 30 June 2012:

	30 June 2012 Unaudited	*31 December 2011 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	**2,415**	1,925

During the period, no treasury shares were bought or sold.

11. EMPLOYEE STOCK OPTION PLAN SHARES

The following employee stock option plan shares were held in trust at 30 June 2012:

	30 June 2012 Unaudited	*31 December 2011 Audited*
Number of shares	**31,598,004**	31,598,004
Shares as percentage of total shares in issue	**3.0%**	3.0%
Cost of shares	**86,603**	86,603
Market value of shares	**21,803**	17,379

There was no movement in employee stock option plan shares during the period.

12. INVESTMENT REVALUATION RESERVE

Available for sale investments	***1 January to 30 June 2012 (6 months) Unaudited***	*1 January to 31 December 2011 (12 months) Audited*
Balance at beginning of the period	**5,609**	13,890
Realised during the period	**(7,642)**	(45)
Net movement in fair values during the period	**1,230**	(8,236)
Balance at end of the period	**(803)**	5,609
Group's share of investment revaluation reserves in associates		
Balance at beginning of the period	**1,194**	4,153
Net movement in fair values during the period	**1,350**	(2,959)
Balance at end of the period	**2,544**	1,194
Total investment revaluation reserve	**1,741**	6,803

(In Thousands of U.A.E. Dirhams)

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

Gains and losses from SHUAA managed funds comprise the following:

	1 January to 30 June 2012 (6 months) Unaudited	*1 January to 30 June 2011 (6 months) Unaudited*
Funds held at fair value through profit or loss	**5,674**	(2,699)
Investments available for sale	**2,505**	(1,112)
Associates	**2,061**	(1,504)
	10,240	(5,315)

14. (LOSSES)/GAINS FROM OTHER INVESTMENTS, INCLUDING THIRD PARTY ASSOCIATES

Gains and losses from other investments are detailed as follows:

	1 January to 30 June 2012 (6 months) Unaudited	*1 January to 30 June 2011 (6 months) Unaudited*
Third party associates	**4,957**	13,252
Other investments		
Held at fair value through profit or loss	**1,022**	16,366
Available for sale		
Gains	**11,912**	4,013
Impairment	**(6,415)**	(4,365)
Held to maturity		
Gain on maturity	**-**	11,974
	11,476	41,240

15. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share have been computed using the net loss attributable to the ordinary equity holders of the parent (24,402) (30 June 2011 – (25,684)) divided by the weighted average number of ordinary shares outstanding 1,061,500,000 (30 June 2011 – 1,061,500,000).

Diluted earnings per share as of 30 June 2012 and 30 June 2011 are equivalent to basic earnings per share as the Company did not issue any new instrument that would impact earnings per share when executed.

(In Thousands of U.A.E. Dirhams)

16. RELATED PARTY TRANSACTIONS

The Group enters into transactions with companies and entities that fall within the definition of a related party. Related parties represent significant shareholders, directors and key management personnel of the Group, their close family members and entities controlled, jointly controlled or significantly influenced by such parties.

The nature of significant related party transactions and the amounts involved were as follows:

	31 June 2012 Unaudited	*31 December 2011 Audited*
Receivables and other debit balances		
Associates	**566**	15,345
Other related parties	**194**	253
Loans and advances		
Associates	**28,681**	31,681
Other related parties	**-**	2,686
Key management personnel	**489**	861
Investments in SHUAA managed funds	**230,118**	232,721
	260,048	283,547

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.

	31 June 2012 Unaudited	*31 December 2011 Audited*
Payables and other credit balances		
Other related parties	-	14,658

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

	1 January to 30 June 2012 (6 months) Unaudited	*1 January to 30 June 2011 (6 months) Unaudited*
Interest income		
Associates	**1,454**	919
Other related parties	**97**	353
(Losses)/gains from investments in SHUAA managed funds		
Associates	**2,061**	(1,504)
Other related parties	**8,179**	(3,811)
Fees and commission income		
Other related parties	**1,870**	4,773
	13,661	730

(In Thousands of U.A.E. Dirhams)

17. SEGMENTAL INFORMATION

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

Asset Management manages seventeen investment portfolios and funds spanning across fourteen 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. It also manages three private equity funds.

Investment Banking provides corporate finance advisory, private placements, public offerings of equity and debt securities, trade sales, mergers, acquisitions, divestitures, spinoffs, 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.

Lending activities are conducted by Gulf Finance, which is primarily engaged in asset backed lending with a primary focus on Small and Medium Enterprises 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, treasury, 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.

(In 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 to 30 June 2012 (6 months) Unaudited					
	Asset Management	Investment Banking	Brokerage	Lending	Corporate	Total
Interest income	171	671	760	34,668	6,495	42,765
Net fees and commissions	8,903	7,401	5,908	1,371	617	24,200
Trading income	-	17	-	-	-	17
Gains from investments in SHUAA managed funds	-	-	-	-	10,240	10,240
Total revenues	9,074	8,089	6,668	36,039	17,352	77,222
General & administrative expenses	(11,787)	(7,680)	(11,546)	(19,512)	(44,210)	(94,735)
Interest expenses	-	-	-	(5,238)	(1,559)	(6,797)
Depreciation	-	-	(162)	(1,351)	(2,688)	(4,201)
Provisions	-	212	7,676	(8,032)	(6,483)	(6,627)
Total expenses	(11,787)	(7,468)	(4,032)	(34,133)	(54,940)	(112,360)
Net (losses)/gains before gains/(losses) from other investments	(2,713)	621	2,636	1,906	(37,588)	(35,138)
Gains from other investments	5	-	-	-	11,471	11,476
(Loss)/profit for the period	(2,708)	621	2,636	1,906	(26,117)	(23,662)
Attributable to:						
Non controlling interests	-	-	(46)	-	786	740
Equity holders of the parent	(2,708)	621	2,682	1,906	(26,903)	(24,402)

	30 June 2012 Unaudited					
	Asset Management	Investment Banking	Brokerage	Lending	Corporate	Total
Assets	12,104	1,898	125,675	547,451	783,008	1,470,136
Liabilities	10	-	42,765	139,691	146,731	329,197

(In Thousands of U.A.E. Dirhams)

17. SEGMENTAL INFORMATION - continued

	1 January to 30 June 2011 (6 months) Unaudited					
	Asset Management	Investment Banking	Brokerage	Lending	Corporate	Total
Interest income	78	2,308	2,276	23,862	9,352	37,876
Net fees and commissions	12,676	2,854	11,338	2,289	714	29,871
Trading income	-	398	-	-	-	398
Losses from investments in SHUAA managed funds	-	-	-	-	(5,315)	(5,315)
Total revenues	12,754	5,560	13,614	26,151	4,751	62,830
General & administrative expenses	(10,992)	(7,907)	(17,750)	(13,797)	(59,574)	(110,020)
Interest expenses	-	-	(437)	(1,632)	(6,172)	(8,241)
Depreciation	(40)	-	(2,095)	(1,325)	(2,131)	(5,591)
Provisions	-	(355)	(2,143)	(1,986)	(1,470)	(5,954)
Total expenses	(11,032)	(8,262)	(22,425)	(18,740)	(69,347)	(129,806)
Net (losses)/gains before gains/(losses) from other investments	1,722	(2,702)	(8,811)	7,411	(64,596)	(66,976)
Gains from other investments	14	-	2,367	-	38,859	41,240
(Loss)/profit for the period	1,736	(2,702)	(6,444)	7,411	(25,737)	(25,736)
Attributable to:						
Non controlling interests	6	(3)	(13)	-	(42)	(52)
Equity holders of the parent	1,730	(2,699)	(6,431)	7,411	(25,695)	(25,684)

	31 December 2011 Audited					
	Asset Management	Investment Banking	Brokerage	Lending	Corporate	Total
Assets	23,433	6,860	156,807	518,733	900,260	1,606,093
Liabilities	1,106	-	47,220	166,651	222,192	437,169

The revenue reported above represents revenue generated from external customers only.

The accounting policies of each of the reportable segments are consistent with those of the Group.

Certain comparative numbers as of 30 June 2011 have been reclassified between segments in order to correspond to the changes in the internal reporting to management.

(In 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	**194,488**	**41,068**	**12,561**	**21,723**	**2,348**	**-**	**272,188**
Receivables and other debit balances	**22,538**	**6,221**	**2,981**	**-**	**47,220**	**-**	**78,960**
Installment credits, loans and advances	**524,795**	**20,623**	**17,683**	**-**	**-**	**2**	**563,103**
Investments in SHUAA managed funds	**27,793**	**200,253**	**2,072**	**-**	**-**	**-**	**230,118**
Investments in third party associates	**71,354**	**70,482**	**-**	**-**	**-**	**-**	**141,836**
Other investments	**34,912**	**53,222**	**3,534**	**3,524**	**1,511**	**25,588**	**122,291**
Fixed assets	**25,853**	**1,423**	**253**	**-**	**-**	**-**	**27,529**
Goodwill	**34,111**	**-**	**-**	**-**	**-**	**-**	**34,111**
Total Assets - 30 June 2012	**935,844**	**393,292**	**39,084**	**25,247**	**51,079**	**25,590**	**1,470,136**
Total Assets - 31 December 2011	1,040,415	415,615	49,866	15,962	7,160	77,075	1,606,093
Total Assets – 30 June 2011	1,279,108	371,897	85,235	7,201	13,166	120,586	1,877,193

19. MATURITY PROFILE

The maturity profile of assets and liabilities as of 30 June 2012, 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	250,688	21,500	**272,188**	-	-	**272,188**
Receivables and other debit balances	71,161	5,998	**77,159**	1,801	-	**78,960**
Installment credits, loans and advances	168,495	135,651	**304,146**	258,957	-	**563,103**
Investments in SHUAA managed funds*	25,391	42,194	**67,585**	162,533	-	**230,118**
Investments in third party associates*	-	141,836	**141,836**	-	-	**141,836**
Other investments*	74,753	18,344	**93,097**	29,194	-	**122,291**
Fixed assets*	253	-	**253**	27,276	-	**27,529**
Goodwill*	-	-	**-**	-	34,111	**34,111**
Total Assets	590,741	365,523	**956,264**	479,761	34,111	**1,470,136**
Due to banks	52,231	108,229	**160,460**	-	-	**160,460**
Payables and other credit balances	80,361	33,248	**113,609**	21,586	-	**135,195**
Medium term debt	-	-	**-**	33,542	-	**33,542**
Equity	-	-	**-**	-	1,140,939	**1,140,939**
Total Liabilities and Equity	132,592	141,477	**274,069**	55,128	1,140,939	**1,470,136**
Net liquidity gap	458,149	224,046	**682,195**	424,633	(1,106,828)	**-**
Cumulative liquidity gap	458,149	682,195	**682,195**	1,106,828	-	

(In Thousands of U.A.E. Dirhams)

20. COMMITMENTS AND CONTINGENT LIABILITIES

The Group had the following outstanding commitments and contingent liabilities:

	30 June 2012 Unaudited	*31 December 2011 Audited*
Contingent liabilities	**61,395**	35,474

Included within contingent liabilities are performance guarantees issued on behalf of City Engineering, an associate. These guarantees are regarded as unlikely to crystallise as a liability.

	30 June 2012 Unaudited	*31 December 2011 Audited*
Commitments		
SHUAA managed funds	**71,753**	80,194
Other investments	**33,003**	49,837

21. CLIENTS' FUNDS UNDER MANAGEMENT

The Group is licensed as a financial services company regulated by the Central Bank of the United Arab Emirates. At 30 June 2012, clients' assets amounting to 4.3 billion (31 December 2011: 5.3 billion) were managed in a fiduciary capacity, without risk or recourse to the Group. These funds are off balance sheet items and do not constitute part of the Group's assets.

22. ACCUMULATED LOSSES

The Annual General Meeting of the Company held on 24 April 2012 approved the offset of the accumulated losses amounting to 530,301 against the statutory reserve. The necessary formalities had been carried out during the second quarter of 2012.