

SHUAA Capital PSC

INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION AND REVIEW REPORT
FOR THE NINE MONTH PERIOD ENDED
30 SEPTEMBER 2014

Report on Review of Interim Condensed Consolidated Financial Information

The Board of Directors
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 September 2014 and the related interim consolidated statements of income, comprehensive income, cash flows and changes in equity for the nine month period then ended. The Directors of the Group are responsible for the preparation and presentation 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 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 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 prepared, in all material respects in accordance with IAS 34.

13 November 2014

Deloitte & Touche (M.E.)



Anis Sadek
Partner
Registration No. 521


SHUAA Capital psc**Interim Consolidated Statement of Financial Position**

As at 30 September 2014

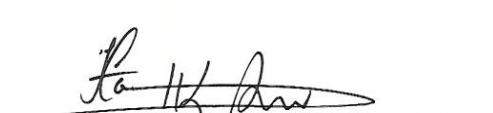
(In Thousands of U.A.E. Dirhams)

		<i>30 September</i>	<i>31 December</i>	<i>30 September</i>
		<i>2014</i>	<i>2013</i>	<i>2013</i>
	<i>Notes</i>	<i>Unaudited</i>	<i>Audited</i>	<i>Unaudited</i>
Assets				
Cash and deposits with banks	4	221,795	189,471	201,572
Receivables and other debit balances		25,226	24,064	45,386
Loans, advances and finance leases	5	839,856	856,756	845,394
Investments in SHUAA managed funds	6	233,225	211,908	194,831
Investments in third party associates	7	66,503	89,100	85,069
Other investments	8	28,128	36,472	40,209
Property and equipment		49,838	47,422	33,328
Goodwill		34,111	34,111	34,111
Total Assets		1,498,682	1,489,304	1,479,900
Liabilities				
Due to banks	9	219,826	258,181	231,994
Payables and other credit balances		118,387	117,671	139,508
Total Liabilities		338,213	375,852	371,502
Equity				
Share capital		1,065,000	1,065,000	1,065,000
Treasury shares	10	-	(14,458)	(14,458)
Employee long term incentive plan shares	11	(36,896)	(95,772)	(90,025)
Statutory reserve		198,277	198,277	197,994
Accumulated losses		(66,219)	(41,965)	(52,520)
Investment revaluation reserve	12	311	2,140	2,187
Translation reserve		(228)	(309)	(306)
Equity attributable to the shareholders of the Parent		1,160,245	1,112,913	1,107,872
Non controlling interests		224	539	526
Total Equity		1,160,469	1,113,452	1,108,398
Total Liabilities and Equity		1,498,682	1,489,304	1,479,900

The interim condensed consolidated financial information was approved by the Board of Directors on 13 November 2014.



Maktoum H. Al Maktoum
Executive Chairman



Houssein Ben Haj Amor
General Manager & CFO

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

SHUAA Capital psc**Interim Consolidated Statement of Income**

For the period ended 30 September 2014

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

		<i>1 July to 30 September 2014 (3 months) Unaudited</i>	<i>1 January to 30 September 2014 (9 months) Unaudited</i>	<i>1 July to 30 September 2013 (3 months) Unaudited</i>	<i>1 January to 30 September 2013 (9 months) Unaudited</i>
Interest income		32,046	94,729	29,309	76,916
Net fees and commissions		19,399	54,204	11,890	28,294
Trading income/(loss)		38	(3)	1,448	1,417
Gains from investments in SHUAA managed funds - net	13	20,348	39,114	12,125	27,665
Total revenues		71,831	188,044	54,772	134,292
General and administrative expenses		(39,245)	(112,650)	(37,442)	(113,062)
Interest expense		(3,080)	(10,693)	(2,735)	(6,031)
Depreciation		(2,111)	(5,397)	(1,686)	(4,401)
Provisions - net		(1,450)	(12,180)	(8,960)	(7,724)
Total expenses		(45,886)	(140,920)	(50,823)	(131,218)
Net profit before gains/(losses) from other investments		25,945	47,124	3,949	3,074
Gains/(losses) from other investments, including third party associates	14	295	(6,448)	(326)	(4,025)
Profit/(loss) for the period		26,240	40,676	3,623	(951)
Attributable to:					
Equity holders of the Parent		26,242	40,674	3,618	(959)
Non controlling interests		(2)	2	5	8
		26,240	40,676	3,623	(951)
Earnings/(loss) per share (in AED)	15	0.025	0.038	0.003	(0.001)

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

SHUAA Capital psc**Interim Consolidated Statement of Comprehensive Income**

For the period ended 30 September 2014

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

	<i>1 July to 30 September 2014 (3 months) Unaudited</i>	<i>1 January to 30 September 2014 (9 months) Unaudited</i>	<i>1 July to 30 September 2013 (3 months) Unaudited</i>	<i>1 January to 30 September 2013 (9 months) Unaudited</i>
Profit/(loss) for the period	26,240	40,676	3,623	(951)
Other comprehensive income				
<i>Items that will be reclassified subsequently to profit or loss:</i>				
Net revaluation reserve movement on:				
- Other investments	(1,885)	(1,829)	212	1,643
Share of other comprehensive loss of associates	-	-	-	(536)
Exchange differences on translation of foreign operations	1	81	12	(4)
Other comprehensive (loss)/income for the period	(1,884)	(1,748)	224	1,103
Total comprehensive income for the period	24,356	38,928	3,847	152
Attributable to:				
Equity holders of the Parent	24,358	38,926	3,842	144
Non controlling interests	(2)	2	5	8
	24,356	38,928	3,847	152

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

SHUAA Capital psc**Interim Consolidated Statement of Cash Flows**

For the period ended 30 September 2014

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

	<i>1 January to 30 September 2014 (9 months) Unaudited</i>	<i>1 January to 30 September 2013 (9 months) Unaudited</i>
Cash flows from operating activities		
Profit/(loss) for the period	40,676	(951)
Adjustments for:		
Depreciation	5,397	4,401
Gains on investments in SHUAA managed funds	(39,114)	(27,665)
Losses from other investments, including third party associates	6,448	4,025
Share based payments charge	4,816	6,026
Provisions - net	12,180	7,724
Operating cash flows before changes in operating assets and liabilities	30,403	(6,440)
Changes in operating assets and liabilities:		
Decrease/(increase) in receivables and other debit balances	4,966	(18,683)
Increase in loans, advances and finance leases	(2,884)	(291,800)
Increase/(decrease) in payables and other credit balances	6,236	(1,253)
Net redemption/(acquisition) of SHUAA managed funds	17,797	(2,350)
Net cash generated from/ (used in) operating activities	56,518	(320,526)
Cash flows from investing activities		
Net (purchase of) / proceeds from other investments	(1,715)	12,608
Capital and dividend distributions from associates	20,726	5,720
Acquisition of non controlling interests	(211)	-
Net purchase of property and equipment	(8,222)	(11,813)
Net cash generated from investing activities	10,578	6,515
Cash flows from financing activities		
(Decrease)/increase in due to banks	(38,355)	95,675
Proceeds from sale of treasury shares	3,590	-
Movement in employee long term incentive plan shares	-	(3,422)
Net cash (used in)/ generated from financing activities	(34,765)	92,253
Net increase/(decrease) in cash and cash equivalents	32,331	(221,758)
Foreign currency translation	(7)	13
Cash and cash equivalents at beginning of the period	189,471	423,317
Cash and cash equivalents at end of the period	221,795	201,572

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

SHUAA Capital psc

Interim Consolidated Statement of Changes In Equity

For the period ended 30 September 2014

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

	Equity attributable to shareholders of the Parent								Non controlling interests	Total
	Share capital	Treasury shares	Employee long term incentive plan shares	Statutory reserve	Accumulated losses	Investment revaluation reserve	Translation reserve	Total		
Balance as of 1 January 2013 (Audited)	1,065,000	(14,458)	(86,603)	197,994	(57,587)	1,080	(302)	1,105,124	518	1,105,642
Total comprehensive income/(loss) for the period	-	-	-	-	(959)	1,107	(4)	144	8	152
Net movement in employee long term incentive plan shares	-	-	(3,422)	-	-	-	-	(3,422)	-	(3,422)
Share based payments charge	-	-	-	-	6,026	-	-	6,026	-	6,026
Balance as of 30 September 2013 (Unaudited)	1,065,000	(14,458)	(90,025)	197,994	(52,520)	2,187	(306)	1,107,872	526	1,108,398

	Equity attributable to shareholders of the Parent								Non controlling interests	Total
	Share capital	Treasury shares	Employee long term incentive plan shares	Statutory reserve	Accumulated losses	Investment revaluation reserve	Translation reserve	Total		
Balance as of 1 January 2014 (Audited)	1,065,000	(14,458)	(95,772)	198,277	(41,965)	2,140	(309)	1,112,913	539	1,113,452
Total comprehensive income for the period	-	-	-	-	40,674	(1,829)	81	38,926	2	38,928
Share based payments charge	-	-	-	-	4,816	-	-	4,816	-	4,816
Acquisition of non controlling interest	-	-	-	-	-	-	-	-	(317)	(317)
Net movement in employee long term incentive plan shares	-	-	58,876	-	(58,876)	-	-	-	-	-
Sale of treasury shares	-	14,458	-	-	(10,868)	-	-	3,590	-	3,590
Balance as of 30 September 2014 (Unaudited)	1,065,000	-	(36,896)	198,277	(66,219)	311	(228)	1,160,245	224	1,160,469

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

SHUAA Capital psc

Notes to the Interim Condensed Consolidated Financial Information

For the period ended 30 September 2014

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

1. LEGAL STATUS AND ACTIVITIES

SHUAA Capital psc (the “Company” or the “Parent”) 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 the Central Bank Board of Directors Resolution 164/8/94 and as a financial and monetary intermediary pursuant to the 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 the 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 September 2014 are as follows:

Name	Country of incorporation	Principal activities	Holding 30 September 2014	Holding 31 December 2013
Gulf Finance Corporation PJSC	United Arab Emirates	Financing	100.0%	100.0%
Gulf Installments Company LLC	Saudi Arabia	Financing	100.0%	100.0%
SHUAA Capital International Limited	United Arab Emirates	Brokerage	100.0%	100.0%
SHUAA Asset Management Limited	United Arab Emirates	Private Equity/ Asset Management	100.0%	100.0%
SHUAA Securities LLC	United Arab Emirates	Brokerage	100.0%	100.0%
SHUAA Capital Saudi Arabia CJSC*	Saudi Arabia	Financial services	100.0%	99.6%
SHUAA Securities Egypt SAE	Egypt	Brokerage	100.0%	100.0%
Asia for Economic Consultancy LLC	Jordan	Consultancy	94.3%	94.3%

*During the period, the Company acquired additional 0.4% stake in SHUAA Capital Saudi Arabia for 211. With this acquisition, the Group now owns 100% stake in this subsidiary.

2. SIGNIFICANT ACCOUNTING POLICIES

The interim condensed consolidated financial information of the Group has been prepared in accordance with IAS 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 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 2013, except for the adoption of new standards and interpretations effective as of 1 January 2014, which are detailed below. The application of these new standards and interpretations did not have any material impact on the amounts reported for the current and prior periods.

IAS 32	<i>Amendments to IAS 32 Financial Instruments: Presentation</i>
IAS 36	<i>Amendments to IAS 36 Impairment of Assets: Recoverable amount disclosures</i>
IAS 39	<i>Amendments to IAS 39 Financial Instruments: Recognition and Measurement, Novation of Derivatives and Continuation of Hedge Accounting</i>
IFRS 10, IFRS 12 & IAS 27	<i>Guidance on Investment Entities</i>

The Group has not applied any of the new and revised IFRS 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 financial 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)

2. SIGNIFICANT ACCOUNTING POLICIES - continued

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 2013. In addition, results for the nine month period ended 30 September 2014 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2014.

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 2013.

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 nine month periods ended 30 September 2014 and 30 September 2013.

3. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial assets recorded at fair value by level of the fair value hierarchy:

	<i>30 September 2014</i>			
	<i>Unaudited</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Investments in SHUAA managed funds				
Held at fair value through profit or loss	-	165,647	-	165,647
Other investments				
Held at fair value through profit or loss	3,176	1,879	6,931	11,986
Available for sale	-	41	12,428	12,469
	3,176	167,567	19,359	190,102
	<i>31 December 2013</i>			
	<i>Audited</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Investments in SHUAA managed funds				
Held at fair value through profit or loss	-	145,807	-	145,807
Other investments				
Held at fair value through profit or loss	-	2,318	12,233	14,551
Available for sale	-	42	15,268	15,310
	-	148,167	27,501	175,668

Financial assets recorded at fair value

The following is a description of the determination of fair value for financial instruments which are recorded at fair value using valuation techniques. These incorporate the Group's estimate of assumptions that a market participant would make when valuing the instruments.

SHUAA Capital psc

Notes to the Interim Condensed Consolidated Financial Information

For the period ended 30 September 2014

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

3. FAIR VALUE OF FINANCIAL INSTRUMENTS - continued

Held at fair value through profit or loss

Held at fair value through profit or loss investments are valued using market prices in active markets or valuation techniques which incorporate data which is both observable and non-observable. This category includes quoted and unquoted securities and funds which invest in underlying assets which are in turn valued based on both observable and non-observable data. Observable inputs include market prices (from active markets), foreign exchange rates and movements in stock market indices. Unobservable inputs include assumptions regarding expected future financial performance, discount rates and market liquidity discounts.

Available for sale

Available for sale financial assets are valued using quoted prices in active markets, valuation techniques or pricing models and consist of quoted equities, unquoted equities and unquoted funds. These assets are valued using quoted prices or models which incorporate data which is both observable and non-observable. The non-observable inputs to the models include assumptions regarding the future financial performance of the investee, its risk profile and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates.

Movements in level 3 financial assets measured at fair value

During the period, there were no transfers between levels 1 through level 3.

The following table shows a reconciliation of the opening and closing balance of level 3 financial assets which are recorded at fair value:

	<i>1 January to 30 September 2014</i>						
	<i>(9 months) Unaudited</i>						
	<i>Balance at</i>	<i>Gain/(loss)</i>	<i>Gain/(loss)</i>			<i>Transfers</i>	<i>Balance at</i>
	<i>1 January</i>	<i>through</i>	<i>through</i>	<i>Purchases</i>	<i>Sales</i>	<i>from/(to)</i>	<i>30 September</i>
	<i>2014</i>	<i>P&L</i>	<i>OCI</i>			<i>levels 1 & 2</i>	<i>2014</i>
Other investments							
Held at FVTPL	12,233	(5,171)	-	-	(131)	-	6,931
Available for sale	15,268	(576)	(1,868)	-	(396)	-	12,428
	27,501	(5,747)	(1,868)	-	(527)	-	19,359

	<i>1 January to 30 September 2013</i>						
	<i>(9 months) Unaudited</i>						
	<i>Balance at</i>	<i>Gain/(loss)</i>	<i>Gain/(loss)</i>			<i>Transfers</i>	<i>Balance at</i>
	<i>1 January</i>	<i>through</i>	<i>through</i>	<i>Purchases</i>	<i>Sales</i>	<i>from/(to)</i>	<i>30 September</i>
	<i>2013</i>	<i>P&L</i>	<i>OCI</i>			<i>levels 1 & 2</i>	<i>2013</i>
Other investments							
Held at FVTPL	13,472	3	-	-	-	-	13,475
Available for sale	11,603	436	1,714	-	(1,307)	2,869	15,315
	25,075	439	1,714	-	(1,307)	2,869	28,790

Gains and losses on level 3 financial assets included in the consolidated statement of income for the period are detailed as follows:

	<i>1 January to</i>	<i>1 January to</i>
	<i>30 September</i>	<i>30 September</i>
	<i>2014</i>	<i>2013</i>
	<i>(9 months)</i>	<i>(9 months)</i>
	<i>Unaudited</i>	<i>Unaudited</i>
Other investments		
Realised gains	-	436
Unrealised (losses)/gains	(5,747)	3
	<u>(5,747)</u>	<u>439</u>

SHUAA Capital psc

Notes to the Interim Condensed Consolidated Financial Information

For the period ended 30 September 2014

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

3. FAIR VALUE OF FINANCIAL INSTRUMENTS - continued

Impact on fair value of level 3 financial assets measured at fair value of changes to key assumptions

The following table shows the impact on the fair value of level 3 instruments of using reasonably possible alternative assumptions by class of instrument:

	30 September 2014		30 September 2013	
	Carrying amount	Effect of reasonably possible alternative assumptions	Carrying amount	Effect of reasonably possible alternative assumptions
Other investments				
Held at fair value through profit or loss	6,931	1,733	13,475	3,369
Available for sale	12,428	2,485	15,315	3,063
	<u>19,359</u>	<u>4,218</u>	<u>28,790</u>	<u>6,432</u>

In order to determine reasonably possible alternative assumptions, the Group adjusted key unobservable models inputs as follows:

- For debt securities, the Group adjusted the probability of default and loss given default assumptions by increasing and decreasing the fair value of the instrument by 25%.
- For fund and equity investments, the Group adjusted the liquidity discount rate assumptions used in the valuation model within a range of reasonably possible alternatives. The extent of the adjustment varied according to the characteristics of each investment.

The fair values of the Group's financial instruments are not materially different from their carrying values.

4. CASH AND DEPOSITS WITH BANKS

Cash and deposits with banks include a fixed deposit of 21,500 (31 December 2013 – 21,500) with a local bank, which is held as collateral for the Central Bank of the U.A.E guarantee.

5. LOANS, ADVANCES AND FINANCE LEASES

Loans, advances and finance leases comprise the following:

	30 September 2014	31 December 2013
	Unaudited	Audited
Loans and advances	680,262	724,757
Finance leases	116,087	102,984
Margin lending	43,507	29,015
	<u>839,856</u>	<u>856,756</u>

(a) Loans and advances

	30 September 2014	31 December 2013
	Unaudited	Audited
Total loans and advances	712,950	789,412
Less: Cumulative allowance for impairment	(27,276)	(51,603)
Less: Interest in suspense	(5,412)	(13,052)
	<u>680,262</u>	<u>724,757</u>

SHUAA Capital psc

Notes to the Interim Condensed Consolidated Financial Information

For the period ended 30 September 2014

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

5. LOANS, ADVANCES AND FINANCE LEASES - continued

(b) Finance Leases

	<i>30 September 2014 Unaudited</i>	<i>31 December 2013 Audited</i>
Current finance lease receivables	65,177	43,083
Non-current finance lease receivables	52,793	60,106
Less: Allowances for uncollectible lease payments	(1,883)	(205)
	<u>116,087</u>	<u>102,984</u>

(c) Margin lending

The Group extends margins to clients for the purpose of trading in quoted securities. These advances are short term in nature and are secured by the underlying securities held in custody by the Group. As at 30 September 2014, these underlying securities were valued at 310,008 (31 December 2013 – 157,965). Provisions are made for the uncovered portion of margins. As at the end of the period, the cumulative provision is 52,457 (31 December 2013 – 57,575).

6. INVESTMENTS IN SHUAA MANAGED FUNDS

Investments in SHUAA managed funds consist of the following:

	<i>30 September 2014 Unaudited</i>	<i>31 December 2013 Audited</i>
Held at fair value through profit or loss	165,647	145,807
Associates	67,578	66,101
	<u>233,225</u>	<u>211,908</u>

Held at fair value through profit or loss

During the period, the Group redeemed 20,000 from one of its investments in the SHUAA managed funds.

Associates

The Group owns 28.8% (31 December 2013: 28.8%) 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 27.5% (31 December 2013: 27.5%) of SHUAA Saudi Hospitality Fund I, a closed ended investment fund regulated by the Capital Markets Authority in Kingdom of 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 37.3% (31 December 2013: 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 the Levant region. The recoverable amount of this asset has been determined based on equity accounting net of an impairment provision.

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Notes to the Interim Condensed Consolidated Financial Information

For the period ended 30 September 2014

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

7. INVESTMENTS IN THIRD PARTY ASSOCIATES

The Group has the following investments in third party associates:

	<i>30 September 2014 Unaudited</i>	<i>31 December 2013 Audited</i>
U.A.E.	66,503	69,303
Other G.C.C.	-	19,797
	66,503	89,100

City Engineering LLC

The Group owns 40.0% (31 December 2013: 40.0%) 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. During the period, the Group received 2,800 as dividend distribution.

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 2013: 49.0%) of Septech Holding Limited. The recoverable amount of this asset has been determined based on equity accounting.

Amwal QCSC

During the period, the Group received 21,558 as final distribution from the liquidation of this entity.

8. OTHER INVESTMENTS

Other investments comprise of the following:

	<i>30 September 2014 Unaudited</i>	<i>31 December 2013 Audited</i>
Investments held at fair value through profit or loss	11,986	14,551
Investments available for sale	12,469	15,310
Investments held to maturity	3,673	6,611
	28,128	36,472

a) Investments held at fair value through profit or loss

Investments held at fair value through profit or loss comprises of the following:

	<i>30 September 2014 Unaudited</i>	<i>31 December 2013 Audited</i>
Fund investments	1,854	2,259
Equity securities	948	34
Fixed income securities	9,184	12,258
	11,986	14,551

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8. OTHER INVESTMENTS - continued

b) Investments available for sale

Investments available for sale comprise of the following:

	<i>30 September 2014 Unaudited</i>	<i>31 December 2013 Audited</i>
Equity investments	2,910	2,911
Unquoted fund investments	9,559	12,399
	<u>12,469</u>	<u>15,310</u>

c) Investments held to maturity

Investments held to maturity comprise of the following:

	<i>30 September 2014 Unaudited</i>	<i>31 December 2013 Audited</i>
Fixed income securities	3,673	6,611
	<u>3,673</u>	<u>6,611</u>

9. DUE TO BANKS

Due to banks comprise of borrowings obtained from commercial banks in the ordinary course of business against the Group's established credit lines with those banks.

	<i>30 September 2014 Unaudited</i>	<i>31 December 2013 Audited</i>
Repayable within twelve months	161,424	176,598
Repayable after twelve months	58,402	81,583
	<u>219,826</u>	<u>258,181</u>

The Group's banking facilities carry EIBOR/SIBOR based floating interest/profit rates plus a spread ranging between 3.0% and 4.8%. Above include 99 million utilised balances of facilities which are rolled over annually.

At 30 September 2014, letters of guarantee on behalf of the Group amounting to 63,782 (31 December 2013: 63,782) 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.

10. TREASURY SHARES

The Group held nil treasury shares at 30 September 2014:

	<i>30 September 2014 Unaudited</i>	<i>31 December 2013 Audited</i>
Number of treasury shares	-	3,500,000
Treasury share as percentage of total shares in issue	-	0.3%
Cost of treasury shares	-	14,458
Market value of treasury shares	-	3,605

During the period, all treasury shares were sold for AED 3,590. The difference between the cost and sale proceeds was adjusted against the accumulated losses.

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For the period ended 30 September 2014

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11. EMPLOYEE LONG TERM INCENTIVE PLAN SHARES

The following employee long term incentive plan shares were held in trust at 30 September 2014:

	<i>30 September 2014 Unaudited</i>	<i>31 December 2013 Audited</i>
Number of shares	16,218,004	42,098,004
Shares as percentage of total shares in issue	1.5%	4.0%
Cost of shares	36,896	95,772
Market value of shares	18,975	43,361

During the period, 25,880,000 shares vested. Consequently, the weighted average cost of these shares amounting to 58,876 was transferred to accumulated losses.

12. INVESTMENT REVALUATION RESERVE

	<i>1 January to 30 September 2014 (9 months) Unaudited</i>	<i>1 January to 30 September 2013 (9 months) Unaudited</i>
Available for sale investments		
Balance at beginning of the period	2,140	544
Net movement in fair values during the period	(1,829)	1,643
Balance at end of the period	311	2,187
Group's share of investment revaluation reserves in associates		
Balance at beginning of the period	-	536
Net movement in fair values during the period	-	(536)
Balance at end of the period	-	-
Total investment revaluation reserve	311	2,187

13. GAINS FROM INVESTMENTS IN SHUAA MANAGED FUNDS - NET

Gains and losses from SHUAA managed funds comprise of the following:

	<i>1 January to 30 September 2014 (9 months) Unaudited</i>	<i>1 January to 30 September 2013 (9 months) Unaudited</i>
Funds held at fair value through profit or loss	39,840	35,375
Associates	(726)	(7,710)
	39,114	27,665

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

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

Losses and gains from other investments, including third party associates are detailed as follows:

	<i>1 January to 30 September 2014 (9 months) Unaudited</i>	<i>1 January to 30 September 2013 (9 months) Unaudited</i>
Third party associates	1,674	(4,335)
Other investments		
Held at fair value through profit or loss	(4,608)	(126)
Available for sale	(576)	436
Held to maturity	(2,938)	-
	<u>(6,448)</u>	<u>(4,025)</u>

15. EARNINGS/(LOSSES) PER SHARE

Basic earnings/ (losses) per share have been computed using the net profit/ (loss) attributable to the equity holders of the Parent 40,674 (30 September 2013: (959)) divided by the weighted average number of ordinary shares outstanding 1,065,000,000 (30 September 2013: 1,061,500,000).

Diluted earnings per share as of 30 September 2014 and 30 September 2013 are equivalent to basic earnings per share as the Company did not issue any new instrument that would impact earnings per share when executed.

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:

	<i>30 September 2014 Unaudited</i>	<i>31 December 2013 Audited</i>
Receivables and other debit balances		
Associates	354	107
Other related parties	220	169
Key management personnel	106	238
Loans and advances		
Associates	12,546	13,646
Investments in SHUAA managed funds	233,225	211,908
	<u>246,451</u>	<u>226,068</u>

Advances to key management personnel reflect sums advanced under the staff assistance program available to all employees for which no interest is charged.

	<i>30 September 2014 Unaudited</i>	<i>31 December 2013 Audited</i>
Payables and other credit balances		
Other related parties	-	3,632
	<u>-</u>	<u>3,632</u>

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

16. RELATED PARTY TRANSACTIONS - continued

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

	<i>1 January to 30 September 2014 (9 months) Unaudited</i>	<i>1 January to 30 September 2013 (9 months) Unaudited</i>
Gains/(losses) from investments in SHUAA managed funds		
Associates	(726)	(7,710)
Other related parties	39,840	35,375
Fees and commission income		
Other related parties	2,988	1,650
	<u>42,102</u>	<u>29,315</u>

Compensation of the key management personnel is as follows:

	<i>1 January to 30 September 2014 (9 months) Unaudited</i>	<i>1 January to 30 September 2013 (9 months) Unaudited</i>
Short term employee benefits	(15,568)	(16,849)
Share based payments charge	(4,816)	(7,052)
	<u>(20,384)</u>	<u>(23,901)</u>

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 investment portfolios and funds in regional equities, fixed income and credit markets. Equities products span 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 Shariah compliant portfolios and investment funds using both active and passive management styles. It also manages private equity funds. SHUAA Credit is developing asset management products that provide access to attractive regional credit investment and lending opportunities for sophisticated institutional investors, private families and high net worth investors.

Investment Banking provides corporate finance advisory, private placements, public offerings of equity and debt securities, mergers, acquisitions, divestitures, spinoffs, syndications and structured products. SHUAA Credit provides debt advisory services including structuring and execution of innovative liquidity and financing solutions for regional corporate clients and family businesses.

Capital Markets provides sales and trading access to global markets for SHUAA's institutional and high net worth client base. Through Capital Markets, clients gain access to global equities and fixed income, primary issues as well as OTC derivatives, and liquidity through an extensive network of local and international counterparties. The Capital Markets Division is complemented by Investment Research which produces sectoral research coverage on listed companies across the GCC with emphasis on the UAE and Saudi equities.

Lending activities are conducted by Gulf Finance Corporation PJSC and Gulf Installments Company LLC, which are primarily engaged in asset-based 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.

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Notes to the Interim Condensed Consolidated Financial Information

For the period ended 30 September 2014

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

17. SEGMENTAL INFORMATION - continued

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.

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

	1 January 2014 to 30 September 2014 (9 months) Unaudited					
	Asset Management	Investment Banking	Capital Markets	Lending	Corporate	Total
Interest income	219	-	1,538	89,969	3,003	94,729
Net fees and commissions	20,433	17,384	8,569	7,286	532	54,204
Trading income/(loss)	-	-	(24)	-	21	(3)
Gains from investments in SHUAA managed funds - net	-	-	-	-	39,114	39,114
Total revenues	20,652	17,384	10,083	97,255	42,670	188,044
General & administrative expenses	(4,324)	(8,570)	(6,623)	(33,906)	(59,227)	(112,650)
Interest expenses	-	(518)	-	(10,175)	-	(10,693)
Depreciation	-	-	(9)	(3,891)	(1,497)	(5,397)
Provisions - net	-	5,560	2,426	(25,218)	5,052	(12,180)
Total expenses	(4,324)	(3,528)	(4,206)	(73,190)	(55,672)	(140,920)
Net profit/(loss) before losses from other investments	16,328	13,856	5,877	24,065	(13,002)	47,124
Losses from other investments	-	-	-	-	(6,448)	(6,448)
Profit/(loss) for the period	16,328	13,856	5,877	24,065	(19,450)	40,676
Attributable to:						
Equity holders of the Parent	16,328	13,856	5,886	24,065	(19,461)	40,674
Non controlling interests	-	-	(9)	-	11	2
	16,328	13,856	5,877	24,065	(19,450)	40,676

	30 September 2014 Unaudited					
	Asset Management	Investment Banking	Capital Markets	Lending	Corporate	Total
Assets	13,881	790	22,471	918,032	543,508	1,498,682
Liabilities	492	-	1,427	244,830	91,464	338,213

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

17. SEGMENTAL INFORMATION - continued

	1 January 2013 to 30 September 2013 (9 months) Unaudited					
	Asset Management	Investment Banking	Capital Markets	Lending	Corporate	Total
Interest income	164	296	761	70,927	4,768	76,916
Net fees and commissions	15,108	4,763	5,155	2,934	334	28,294
Trading income/(loss)	-	-	915	-	502	1,417
Gains from investments in SHUAA managed funds - net	-	-	-	-	27,665	27,665
Total revenues	15,272	5,059	6,831	73,861	33,269	134,292
General & administrative expenses	(6,133)	(5,390)	(7,741)	(36,667)	(57,131)	(113,062)
Interest expenses	-	-	-	(5,913)	(118)	(6,031)
Depreciation	-	-	(36)	(2,845)	(1,520)	(4,401)
Provisions - net	-	352	5,809	(20,893)	7,008	(7,724)
Total expenses	(6,133)	(5,038)	(1,968)	(66,318)	(51,761)	(131,218)
Net profit/(loss) before losses from other investments	9,139	21	4,863	7,543	(18,492)	3,074
Losses from other investments	-	-	-	-	(4,025)	(4,025)
Profit/(loss) for the period	9,139	21	4,863	7,543	(22,517)	(951)
Attributable to:						
Equity holders of the Parent	9,139	21	4,866	7,543	(22,528)	(959)
Non controlling interests	-	-	(3)	-	11	8
Profit/(loss) for the period	9,139	21	4,863	7,543	(22,517)	(951)

	31 December 2013 Audited					
	Asset Management	Investment Banking	Capital Markets	Lending	Corporate	Total
Assets	7,456	4,157	15,860	941,843	519,988	1,489,304
Liabilities	20	-	832	285,556	89,444	375,852

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 September 2013 and 31 December 2013 have been reclassified between segments in order to correspond to the changes in the internal reporting to management.

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Notes to the Interim Condensed Consolidated Financial Information

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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	156,379	61,214	3,897	46	259	-	221,795
Receivables and other debit balances	15,137	5,169	858	-	4,062	-	25,226
Loans, advances and finance leases	689,165	138,072	12,584	8	-	27	839,856
Investments in SHUAA managed funds	62,399	170,826	-	-	-	-	233,225
Investments in third party associates	66,503	-	-	-	-	-	66,503
Other investments	3,543	21,654	1,077	1,854	-	-	28,128
Property and equipment	49,227	530	81	-	-	-	49,838
Goodwill	34,111	-	-	-	-	-	34,111
Total Assets – 30 September 2014	1,076,464	397,465	18,497	1,908	4,321	27	1,498,682
Total Assets – 31 December 2013	1,100,834	353,731	28,002	5,775	407	555	1,489,304
Total Assets – 30 September 2013	1,092,115	355,127	19,612	8,053	4,445	548	1,479,900

19. MATURITY PROFILE

The maturity profile of assets and liabilities as of 30 September 2014, 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	197,315	21,500	218,815	2,980	-	221,795
Receivables and other debit balances	16,219	6,312	22,531	2,695	-	25,226
Loans, advances and finance leases	136,549	226,442	362,991	476,865	-	839,856
Investments in SHUAA managed funds*	-	62,399	62,399	170,826	-	233,225
Investments in third party associates*	-	10,010	10,010	56,493	-	66,503
Other investments*	3,176	21,720	24,896	3,232	-	28,128
Property and equipment*	-	-	-	49,838	-	49,838
Goodwill*	-	-	-	-	34,111	34,111
Total Assets	353,259	348,383	701,642	762,929	34,111	1,498,682
Due to banks	81,344	80,081	161,425	58,401	-	219,826
Payables and other credit balances	71,258	41,167	112,425	5,962	-	118,387
Equity	-	-	-	-	1,160,469	1,160,469
Total Liabilities and Equity	152,602	121,248	273,850	64,363	1,160,469	1,498,682
Net liquidity gap	200,657	227,135	427,792	698,566	(1,126,358)	-
Cumulative liquidity gap	200,657	427,792	427,792	1,126,358	-	-

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20. COMMITMENTS AND CONTINGENT LIABILITIES

The Group had the following outstanding commitments and contingent liabilities:

	<i>30 September 2014 Unaudited</i>	<i>31 December 2013 Audited</i>
Contingent liabilities	<u>2,051</u>	<u>9,920</u>

Contingent liabilities mainly comprise of letter of credits and include guarantees issued which are regarded as unlikely to crystallise as a liability.

	<i>30 September 2014 Unaudited</i>	<i>31 December 2013 Audited</i>
Commitments		
SHUAA managed funds	<u>67,199</u>	69,403
Others	<u>10,835</u>	-
	<u>78,034</u>	<u>69,403</u>

21. DERIVATIVES

	<i>30 September 2014 Unaudited</i>			<i>31 December 2013 Audited</i>		
	<i>Positive fair value</i>	<i>Negative fair value</i>	<i>Notional Amount</i>	<i>Positive fair value</i>	<i>Negative fair value</i>	<i>Notional Amount</i>
Held at fair value through profit or loss	<u>722</u>	<u>(722)</u>	<u>27,630</u>	<u>112</u>	<u>(112)</u>	<u>64,690</u>

Derivatives with positive fair value and negative fair value are included in 'receivables and other debit balances' and 'payables and other credit balances' respectively. These instruments are executed at the request of clients of the Group and are back to back arrangements.

22. 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 September 2014, clients' assets amounting to 3.8 billion (31 December 2013: 3.2 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.