

# **SHUAA Capital PSC**

INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION AND REVIEW REPORT  
FOR THE THREE MONTH PERIOD ENDED  
31 MARCH 2015

## 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 31 March 2015 and the related interim consolidated statements of income, comprehensive income, cash flows and changes in equity for the three 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 presented fairly, in all material respects in accordance with IAS 34.

**7 May 2015**

**Deloitte & Touche (M.E.)**



**Anis Sadek**  
**Partner**  
**Registration No. 521**

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

As at 31 March 2015


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

	Notes	31 March 2015 Unaudited	31 December 2014 Audited	31 March 2014 Unaudited
<b>Assets</b>				
Cash and deposits with banks	4	235,673	365,443	172,375
Receivables and other debit balances		29,475	21,615	20,008
Loans, advances and finance leases	5	902,876	846,956	882,700
Investments in SHUAA managed funds	6	205,043	204,058	229,673
Investments in third party associates	7	65,870	68,500	73,281
Other investments	8	59,077	19,310	27,277
Property and equipment		46,024	46,319	46,186
Goodwill		34,111	34,111	34,111
<b>Total Assets</b>		<b>1,578,149</b>	<b>1,606,312</b>	<b>1,485,611</b>
<b>Liabilities</b>				
Due to banks	9	324,357	335,232	245,496
Payables and other credit balances		107,445	123,591	113,086
<b>Total Liabilities</b>		<b>431,802</b>	<b>458,823</b>	<b>358,582</b>
<b>Equity</b>				
Share capital		1,065,000	1,065,000	1,065,000
Employee long term incentive plan shares	10	(10,790)	(36,896)	(95,772)
Statutory reserve		200,861	200,861	198,277
Accumulated losses		(108,893)	(81,676)	(42,985)
Investment revaluation reserve	11	179	196	2,201
Translation reserve		(230)	(221)	(239)
Equity attributable to the shareholders of the Parent		1,146,127	1,147,264	1,126,482
Non controlling interests		220	225	547
<b>Total Equity</b>		<b>1,146,347</b>	<b>1,147,489</b>	<b>1,127,029</b>
<b>Total Liabilities and Equity</b>		<b>1,578,149</b>	<b>1,606,312</b>	<b>1,485,611</b>

The interim condensed consolidated financial information was approved by the Board of Directors on 7 May 2015.



Abdulrahman Al Hareb  
Chairman



Housseem Ben Haj Amor  
General Manager & CFO

The attached notes 1 to 21 form an integral part of this interim condensed consolidated financial information.

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

For the period ended 31 March 2015

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

	<i>Notes</i>	<i>1 January to 31 March 2015 (3 months) Unaudited</i>	<i>1 January to 31 March 2014 (3 months) Unaudited</i>
Interest income		<b>33,049</b>	30,695
Net fees and commissions		<b>9,635</b>	15,763
Trading income/(loss)		<b>371</b>	(39)
Gains from investments in SHUAA managed funds - net	12	<b>985</b>	17,765
<b>Total revenues</b>		<b>44,040</b>	64,184
General and administrative expenses		<b>(31,815)</b>	(38,862)
Interest expense		<b>(3,976)</b>	(4,177)
Depreciation		<b>(2,227)</b>	(1,688)
Provisions - net		<b>(6,240)</b>	(2,991)
<b>Total expenses</b>		<b>(44,258)</b>	(47,718)
<b>Net (loss)/profit before losses from other investments</b>		<b>(218)</b>	16,466
Losses from other investments, including investments in third party associates	13	<b>(1,353)</b>	(8,215)
<b>(Loss)/profit for the period</b>		<b>(1,571)</b>	8,251
<b>Attributable to:</b>			
Equity holders of the Parent		<b>(1,568)</b>	8,243
Non controlling interests		<b>(3)</b>	8
		<b>(1,571)</b>	8,251
Earnings/(losses) per share (in AED)	14	<b>(0.001)</b>	0.008

The attached notes 1 to 21 form an integral part of this interim condensed consolidated financial information.

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

For the period ended 31 March 2015

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

	<i>1 January to 31 March 2015 (3 months) Unaudited</i>	<i>1 January to 31 March 2014 (3 months) Unaudited</i>
<b>(Loss)/profit for the period</b>	<b>(1,571)</b>	8,251
<b>Other comprehensive income</b>		
<i>Items that will be reclassified subsequently to profit or loss:</i>		
Net revaluation reserve movement on other investments	(17)	61
Exchange differences on translation of foreign operations	(11)	70
<b>Other comprehensive (loss)/income for the period</b>	<b>(28)</b>	131
<b>Total comprehensive (loss)/income for the period</b>	<b>(1,599)</b>	8,382
<b>Attributable to:</b>		
Equity holders of the Parent	(1,594)	8,374
Non controlling interests	(5)	8
	<b>(1,599)</b>	8,382

The attached notes 1 to 21 form an integral part of this interim condensed consolidated financial information.

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

For the period ended 31 March 2015

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

	<i>Notes</i>	<i>1 January to 31 March 2015 (3 months) Unaudited</i>	<i>1 January to 31 March 2014 (3 months) Unaudited</i>
<b>Cash flows from operating activities</b>			
(Loss)/profit for the period		(1,571)	8,251
Adjustments for:			
Depreciation		2,227	1,688
Gains on investments in SHUAA managed funds		(985)	(17,765)
Losses from other investments, including third party associates		1,353	8,215
Share based payments charge		457	1,605
Provisions - net		6,240	2,991
<b>Operating cash flows before changes in operating assets and liabilities</b>		<b>7,721</b>	<b>4,985</b>
Changes in operating assets and liabilities:			
(Increase)/decrease in receivables and other debit balances		(7,151)	10,618
Increase in loans, advances and finance leases		(61,592)	(33,918)
Decrease in payables and other credit balances		(17,341)	(2,530)
<b>Net cash used in operating activities</b>		<b>(78,363)</b>	<b>(20,845)</b>
<b>Cash flows from investing activities</b>			
Net (purchase of) / proceeds from sale of other investments		(38,509)	1,040
Capital distributions from associates		-	12,256
Net purchase of property and equipment		(2,014)	(452)
<b>Net cash (used in) / generated from investing activities</b>		<b>(40,523)</b>	<b>12,844</b>
<b>Cash flows from financing activities</b>			
Decrease in due to banks		(10,875)	(12,685)
Proceeds from sale of treasury shares		-	3,590
<b>Net cash used in financing activities</b>		<b>(10,875)</b>	<b>(9,095)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(129,761)</b>	<b>(17,096)</b>
Foreign currency translation		(9)	-
Cash and cash equivalents at beginning of the period		343,943	167,971
<b>Cash and cash equivalents at end of the period</b>	4	<b>214,173</b>	<b>150,875</b>

The attached notes 1 to 21 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 31 March 2015

(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		
<b>Balance as of 1 January 2014 (Audited)</b>	<b>1,065,000</b>	<b>(14,458)</b>	<b>(95,772)</b>	<b>198,277</b>	<b>(41,965)</b>	<b>2,140</b>	<b>(309)</b>	<b>1,112,913</b>	<b>539</b>	<b>1,113,452</b>
Total comprehensive income for the period	-	-	-	-	8,243	61	70	8,374	8	8,382
Share based payments charge	-	-	-	-	1,605	-	-	1,605	-	1,605
Sale of treasury shares	-	14,458	-	-	(10,868)	-	-	3,590	-	3,590
<b>Balance as of 31 March 2014 (Unaudited)</b>	<b>1,065,000</b>	<b>-</b>	<b>(95,772)</b>	<b>198,277</b>	<b>(42,985)</b>	<b>2,201</b>	<b>(239)</b>	<b>1,126,482</b>	<b>547</b>	<b>1,127,029</b>

	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		
<b>Balance as of 1 January 2015 (Audited)</b>	<b>1,065,000</b>	<b>-</b>	<b>(36,896)</b>	<b>200,861</b>	<b>(81,676)</b>	<b>196</b>	<b>(221)</b>	<b>1,147,264</b>	<b>225</b>	<b>1,147,489</b>
Total comprehensive loss for the period	-	-	-	-	(1,568)	(17)	(9)	(1,594)	(5)	(1,599)
Share based payments charge	-	-	-	-	457	-	-	457	-	457
Net movement in employee long term incentive plan shares	-	-	26,106	-	(26,106)	-	-	-	-	-
<b>Balance as of 31 March 2015 (Unaudited)</b>	<b>1,065,000</b>	<b>-</b>	<b>(10,790)</b>	<b>200,861</b>	<b>(108,893)</b>	<b>179</b>	<b>(230)</b>	<b>1,146,127</b>	<b>220</b>	<b>1,146,347</b>

The attached notes 1 to 21 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 31 March 2015

(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 (together 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 31 March 2015 are as follows:

Name	Country of incorporation	Principal activities	Holding 31 March 2015	Holding 31 December 2014
Gulf Finance Corporation PJSC	United Arab Emirates	Financing	100.0%	100.0%
Gulf Finance Corporation CJSC	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%	100.0%
SHUAA Securities Egypt SAE	Egypt	Brokerage	100.0%	100.0%
Asia for Economic Consultancy LLC	Jordan	Consultancy	94.3%	94.3%

### 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 convention as modified for the measurement at fair value of certain financial instruments.

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 2014, except for the adoption of new standard effective as of 1 January 2015, which is detailed below. The application of the new standard did not have any material impact on the amounts reported for the current and prior periods.

*Effective for annual periods beginning on or after*

*Amendments to IAS 19 Employee Benefits clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.* 1 July 2014

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 2014. In addition, results for the three month period ended 31 March 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

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 2014.

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 three month periods ended 31 March 2015 and 31 March 2014.

**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>31 March 2015</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	-	133,062	-	133,062
Other investments				
Held at fair value through profit or loss	44,212	1,537	1,036	46,785
Available for sale	-	39	12,253	12,292
	<b>44,212</b>	<b>134,638</b>	<b>13,289</b>	<b>192,139</b>
	<i>31 December 2014</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	-	131,408	-	131,408
Other investments				
Held at fair value through profit or loss	4,122	1,796	1,038	6,956
Available for sale	-	41	12,313	12,354
	<b>4,122</b>	<b>133,245</b>	<b>13,351</b>	<b>150,718</b>

**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 31 March 2015

(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 31 March 2015</i>					
	<i>(3 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>from/(to)</i>	<i>31 March</i>
	<i>2015</i>	<i>P&amp;L</i>	<i>OCI</i>	<i>Sales</i>	<i>levels 1 &amp; 2</i>	<i>2015</i>
Other investments						
Held at FVTPL	1,038	(2)	-	-	-	1,036
Available for sale	12,313	(43)	(17)	-	-	12,253
	<b>13,351</b>	<b>(45)</b>	<b>(17)</b>	<b>-</b>	<b>-</b>	<b>13,289</b>
	<i>1 January to 31 March 2014</i>					
	<i>(3 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>from/(to)</i>	<i>31 March</i>
	<i>2014</i>	<i>P&amp;L</i>	<i>OCI</i>	<i>Sales</i>	<i>levels 1 &amp; 2</i>	<i>2014</i>
Other investments						
Held at FVTPL	12,233	(5,236)	-	-	-	6,997
Available for sale	15,268	(461)	61	-	(397)	14,471
	<b>27,501</b>	<b>(5,697)</b>	<b>61</b>	<b>-</b>	<b>(397)</b>	<b>21,468</b>

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>31 March</i>	<i>31 March</i>
	<i>2015</i>	<i>2014</i>
	<i>(3 months)</i>	<i>(3 months)</i>
	<i>Unaudited</i>	<i>Unaudited</i>
Other investments		
Unrealised losses	<b>(45)</b>	<b>(5,697)</b>

## SHUAA Capital psc

### Notes to the Interim Condensed Consolidated Financial Information

For the period ended 31 March 2015

(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:

	31 March 2015		31 March 2014	
	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	1,036	259	6,997	1,749
Available for sale	12,253	2,451	14,471	2,894
	<u>13,289</u>	<u>2,710</u>	<u>21,468</u>	<u>4,643</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 2014 – 21,500) with a local bank, which is held as collateral for the Central Bank of the U.A.E guarantee. For the purposes of statement of cash flows, cash and cash equivalents are stated net of this deposit.

#### 5. LOANS, ADVANCES AND FINANCE LEASES

Loans, advances and finance leases comprise the following:

	31 March 2015	31 December 2014
	Unaudited	Audited
Loans and advances	737,697	699,003
Finance leases	145,851	128,331
Margin lending	19,328	19,622
	<u>902,876</u>	<u>846,956</u>

##### (a) Loans and advances

	31 March 2015	31 December 2014
	Unaudited	Audited
Total loans and advances	774,072	738,074
Less: Cumulative allowance for impairment	(30,612)	(33,151)
Less: Interest in suspense	(5,763)	(5,920)
	<u>737,697</u>	<u>699,003</u>

## SHUAA Capital psc

### Notes to the Interim Condensed Consolidated Financial Information

For the period ended 31 March 2015

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

#### 5. LOANS, ADVANCES AND FINANCE LEASES - continued

##### (b) Finance Leases

	<b>31 March 2015 Unaudited</b>	<b>31 December 2014 Audited</b>
Current finance lease receivables	<b>82,913</b>	74,530
Non-current finance lease receivables	<b>65,098</b>	55,913
Less: Allowances for uncollectible lease payments	<b>(2,160)</b>	(2,112)
	<b><u>145,851</u></b>	<b><u>128,331</u></b>

##### (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 31 March 2015, these underlying securities were valued at 54,983 (31 December 2014 – 190,164). Provisions are made for the uncovered portion of margins. As at the end of the period, the cumulative provision is 53,591 (31 December 2014 – 53,072).

#### 6. INVESTMENTS IN SHUAA MANAGED FUNDS

Investments in SHUAA managed funds consist of the following:

	<b>31 March 2015 Unaudited</b>	<b>31 December 2014 Audited</b>
Held at fair value through profit or loss	<b>133,062</b>	131,408
Associates	<b>71,981</b>	72,650
	<b><u>205,043</u></b>	<b><u>204,058</u></b>

##### Associates

The Group owns 27.0% (31 December 2014: 27.0%) 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 26.3% (31 December 2014: 26.3%) 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 2014: 37.3%) 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.

## SHUAA Capital psc

### Notes to the Interim Condensed Consolidated Financial Information

For the period ended 31 March 2015

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

#### 7. INVESTMENTS IN THIRD PARTY ASSOCIATES

The Group has the following investments in third party associates:

	<i>31 March 2015 Unaudited</i>	<i>31 December 2014 Audited</i>
U.A.E.	<u>65,870</u>	<u>68,500</u>

#### City Engineering LLC

The Group owns 40.0% (31 December 2014: 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.

#### Septeck Holding Limited

Septeck 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 2014: 49.0%) of Septeck Holding Limited. The recoverable amount of this asset has been determined based on equity accounting.

#### 8. OTHER INVESTMENTS

Other investments comprise of the following:

	<i>31 March 2015 Unaudited</i>	<i>31 December 2014 Audited</i>
Investments held at fair value through profit or loss	46,785	6,956
Investments available for sale	12,292	12,354
	<u>59,077</u>	<u>19,310</u>

##### a) Investments held at fair value through profit or loss

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

	<i>31 March 2015 Unaudited</i>	<i>31 December 2014 Audited</i>
Fund investments	1,512	1,771
Equity securities	928	395
Fixed income securities	44,345	4,790
	<u>46,785</u>	<u>6,956</u>

#### Fixed income securities

During the period, the Group acquired certain investments in fixed income securities for 39,609.

##### b) Investments available for sale

Investments available for sale comprise of the following:

	<i>31 March 2015 Unaudited</i>	<i>31 December 2014 Audited</i>
Equity investments	2,757	2,833
Unquoted fund investments	9,535	9,521
	<u>12,292</u>	<u>12,354</u>

## SHUAA Capital psc

### Notes to the Interim Condensed Consolidated Financial Information

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#### 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>31 March 2015 Unaudited</i>	<i>31 December 2014 Audited</i>
Repayable within twelve months	<b>88,808</b>	104,487
Repayable after twelve months	<b>235,549</b>	230,745
	<b>324,357</b>	335,232

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

At 31 March 2015, letters of guarantee on behalf of the Group amounting to 63,782 (31 December 2014: 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. EMPLOYEE LONG TERM INCENTIVE PLAN SHARES

The following employee long term incentive plan shares were held in trust at 31 March 2015:

	<i>31 March 2015 Unaudited</i>	<i>31 December 2014 Audited</i>
Number of shares	<b>4,743,004</b>	16,218,004
Shares as percentage of total shares in issue	<b>0.4%</b>	1.5%
Cost of shares	<b>10,790</b>	36,896
Market value of shares	<b>3,130</b>	10,704

During the period, 11,475,000 shares vested. Consequently, the weighted average cost of these shares amounting to 26,106 was transferred to accumulated losses.

#### 11. INVESTMENT REVALUATION RESERVE

	<i>1 January to 31 March 2015 (3 months) Unaudited</i>	<i>1 January to 31 March 2014 (3 months) Unaudited</i>
<b>Available for sale investments</b>		
Balance at beginning of the period	<b>196</b>	2,140
Net movement in fair values during the period	<b>(17)</b>	61
Balance at end of the period	<b>179</b>	2,201

## SHUAA Capital psc

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#### 12. GAINS FROM INVESTMENTS IN SHUAA MANAGED FUNDS - NET

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

	<i>1 January to 31 March 2015 (3 months) Unaudited</i>	<i>1 January to 31 March 2014 (3 months) Unaudited</i>
Funds held at fair value through profit or loss	<b>1,654</b>	18,615
Associates	<b>(669)</b>	(850)
	<b>985</b>	17,765

#### 13. 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 31 March 2015 (3 months) Unaudited</i>	<i>1 January to 31 March 2014 (3 months) Unaudited</i>
Third party associates	<b>(2,630)</b>	-
Other investments		
Held at fair value through profit or loss	<b>1,030</b>	(4,816)
Available for sale	<b>(43)</b>	(461)
Held to maturity	<b>290</b>	(2,938)
	<b>(1,353)</b>	(8,215)

#### 14. EARNINGS/(LOSSES) PER SHARE

Basic earnings/(losses) per share have been computed using the net (loss)/profit attributable to the equity holders of the Parent (1,568) (31 March 2014: 8,243) divided by the weighted average number of ordinary shares outstanding 1,065,000,000 (31 March 2014: 1,065,000,000).

Diluted earnings per share as of 31 March 2015 and 31 March 2014 are equivalent to basic earnings per share as the Company did not issue any new instrument that would impact earnings per share when executed.

## SHUAA Capital psc

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#### 15. 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>31 March 2015 Unaudited</i>	<i>31 December 2014 Audited</i>
Receivables and other debit balances		
Associates	<b>199</b>	589
Other related parties	<b>195</b>	322
Key management personnel	<b>118</b>	200
Loans and advances		
Associates	<b>10,156</b>	10,759
Investments in SHUAA managed funds	<b>205,043</b>	204,058
	<b>215,711</b>	215,928

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

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

	<i>1 January to 31 March 2015 (3 months) Unaudited</i>	<i>1 January to 31 March 2014 (3 months) Unaudited</i>
Gains/(losses) from investments in SHUAA managed funds		
Associates	<b>(669)</b>	(850)
Other related parties	<b>1,654</b>	18,615
Fees and commission income		
Other related parties	<b>976</b>	708
	<b>1,961</b>	18,473

Compensation of the key management personnel is as follows:

	<i>1 January to 31 March 2015 (3 months) Unaudited</i>	<i>1 January to 31 March 2014 (3 months) Unaudited</i>
Short term employee benefits	<b>(11,345)</b>	(9,392)
Share based payments charge	<b>(457)</b>	(1,605)
	<b>(11,802)</b>	(10,997)



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

**16. 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 Finance Corporation CJSC, 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.

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.

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For the period ended 31 March 2015

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**16. SEGMENTAL INFORMATION - continued**

	1 January 2015 to 31 March 2015					Total
	(3 months) Unaudited					
	Asset Management	Investment Banking	Capital Markets	Lending	Corporate	
Interest income	56	-	167	32,566	260	33,049
Net fees and commissions	4,344	2,000	1,516	1,767	8	9,635
Trading income/(loss)	-	-	371	-	-	371
Gains from investments in SHUAA managed funds - net	-	-	-	-	985	985
<b>Total revenues</b>	<b>4,400</b>	<b>2,000</b>	<b>2,054</b>	<b>34,333</b>	<b>1,253</b>	<b>44,040</b>
General & administrative expenses	(1,583)	(3,527)	(2,586)	(16,068)	(8,051)	(31,815)
Interest expenses	-	-	-	(3,976)	-	(3,976)
Depreciation	-	-	(463)	(1,397)	(367)	(2,227)
Provisions - net	-	-	228	(5,551)	(917)	(6,240)
<b>Total expenses</b>	<b>(1,583)</b>	<b>(3,527)</b>	<b>(2,821)</b>	<b>(26,992)</b>	<b>(9,335)</b>	<b>(44,258)</b>
Net profit/(loss) before losses from other investments	2,817	(1,527)	(767)	7,341	(8,082)	(218)
Losses from other investments	-	-	-	-	(1,353)	(1,353)
<b>Profit/(loss) for the period</b>	<b>2,817</b>	<b>(1,527)</b>	<b>(767)</b>	<b>7,341</b>	<b>(9,435)</b>	<b>(1,571)</b>
Attributable to:						
Equity holders of the Parent	2,817	(1,527)	(764)	7,341	(9,435)	(1,568)
Non controlling interests	-	-	(3)	-	-	(3)
	<b>2,817</b>	<b>(1,527)</b>	<b>(767)</b>	<b>7,341</b>	<b>(9,435)</b>	<b>(1,571)</b>

	31 March 2015 Unaudited					Total
	Asset Management	Investment Banking	Capital Markets	Lending	Corporate	
Assets	13,845	1,562	69,601	999,980	493,161	1,578,149
Liabilities	535	-	7,609	357,178	66,480	431,802

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### Notes to the Interim Condensed Consolidated Financial Information

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#### 16. SEGMENTAL INFORMATION - continued

	1 January 2014 to 31 March 2014 (3 months) Unaudited					Total
	Asset Management	Investment Banking	Capital Markets	Lending	Corporate	
Interest income	49	-	353	29,188	1,105	30,695
Net fees and commissions	4,752	6,400	3,030	1,581	-	15,763
Trading income/(loss)	-	-	(39)	-	-	(39)
Gains from investments in SHUAA managed funds - net	-	-	-	-	17,765	17,765
Total revenues	4,801	6,400	3,344	30,769	18,870	64,184
General & administrative expenses	(1,669)	(3,420)	(1,968)	(10,764)	(21,041)	(38,862)
Interest expenses	-	(518)	-	(3,659)	-	(4,177)
Depreciation	-	-	(5)	(1,212)	(471)	(1,688)
Provisions - net	-	5,560	176	(7,765)	(962)	(2,991)
Total expenses	(1,669)	1,622	(1,797)	(23,400)	(22,474)	(47,718)
Net profit/(loss) before losses from other investments	3,132	8,022	1,547	7,369	(3,604)	16,466
Losses from other investments	-	-	-	-	(8,215)	(8,215)
Profit/(loss) for the period	3,132	8,022	1,547	7,369	(11,819)	8,251
Attributable to:						
Equity holders of the Parent	3,132	8,022	1,547	7,369	(11,827)	8,243
Non controlling interests	-	-	-	-	8	8
	3,132	8,022	1,547	7,369	(11,819)	8,251

	31 December 2014 Audited					Total
	Asset Management	Investment Banking	Capital Markets	Lending	Corporate	
Assets	14,402	582	55,228	1,001,460	534,640	1,606,312
Liabilities	563	-	2,255	364,127	91,878	458,823

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.

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#### 17. 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	164,221	55,350	3,860	8,934	3,308	-	235,673
Receivables and other debit balances	17,206	4,971	768	-	6,530	-	29,475
Loans, advances and finance leases	757,347	135,331	10,188	-	-	10	902,876
Investments in SHUAA managed funds	44,226	160,817	-	-	-	-	205,043
Investments in third party associates	65,870	-	-	-	-	-	65,870
Other investments	28,971	27,152	1,442	1,512	-	-	59,077
Property and equipment	45,396	552	76	-	-	-	46,024
Goodwill	34,111	-	-	-	-	-	34,111
<b>Total Assets – 31 March 2015</b>	<b>1,157,348</b>	<b>384,173</b>	<b>16,334</b>	<b>10,446</b>	<b>9,838</b>	<b>10</b>	<b>1,578,149</b>
Total Assets – 31 December 2014	1,230,103	351,013	17,028	3,823	4,342	3	1,606,312
Total Assets – 31 March 2014	1,075,728	383,437	18,494	6,243	1,284	425	1,485,611

#### 18. MATURITY PROFILE

The maturity profile of assets and liabilities as of 31 March 2015, 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	214,173	21,500	235,673	-	-	235,673
Receivables and other debit balances	15,729	9,527	25,256	4,219	-	29,475
Loans, advances and finance leases	125,809	255,882	381,691	521,185	-	902,876
Investments in SHUAA managed funds*	-	44,226	44,226	160,817	-	205,043
Investments in third party associates*	-	11,969	11,969	53,901	-	65,870
Other investments*	44,212	12,018	56,230	2,847	-	59,077
Property and equipment*	-	-	-	46,024	-	46,024
Goodwill*	-	-	-	-	34,111	34,111
<b>Total Assets</b>	<b>399,923</b>	<b>355,122</b>	<b>755,045</b>	<b>788,993</b>	<b>34,111</b>	<b>1,578,149</b>
Due to banks	4,830	83,977	88,807	235,550	-	324,357
Payables and other credit balances	84,997	16,691	101,688	5,757	-	107,445
Equity	-	-	-	-	1,146,347	1,146,347
<b>Total Liabilities and Equity</b>	<b>89,827</b>	<b>100,668</b>	<b>190,495</b>	<b>241,307</b>	<b>1,146,347</b>	<b>1,578,149</b>
<b>Net liquidity gap</b>	<b>310,096</b>	<b>254,454</b>	<b>564,550</b>	<b>547,686</b>	<b>(1,112,236)</b>	<b>-</b>
<b>Cumulative liquidity gap</b>	<b>310,096</b>	<b>564,550</b>	<b>564,550</b>	<b>1,112,236</b>	<b>-</b>	<b>-</b>

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#### 19. COMMITMENTS AND CONTINGENT LIABILITIES

The Group had the following outstanding commitments and contingent liabilities:

	<b>31 March 2015 Unaudited</b>	<b>31 December 2014 Audited</b>
Contingent liabilities	<b>1,328</b>	1,909

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

	<b>31 March 2015 Unaudited</b>	<b>31 December 2014 Audited</b>
Commitments		
SHUAA managed funds	<b>67,199</b>	67,199
Others	<b>3,035</b>	5,477
	<b>70,234</b>	72,676

#### 20. DERIVATIVES

	<b>31 March 2015 Unaudited</b>			<b>31 December 2014 Audited</b>		
	<b>Positive fair value</b>	<b>Negative fair value</b>	<b>Notional Amount</b>	<b>Positive fair value</b>	<b>Negative fair value</b>	<b>Notional Amount</b>
Held at fair value through profit or loss	<b>1,272</b>	<b>(1,272)</b>	<b>3,311</b>	1,453	(1,453)	18,137

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.

#### 21. CLIENTS' FUNDS UNDER MANAGEMENT

The Group is licensed as a financial services company regulated by the Central Bank of the United Arab Emirates. As at 31 March 2015, clients' assets amounting to 3.3 billion (31 December 2014: 3.5 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.