

# **SHUAA Capital PSC**

INTERIM CONDENSED CONSOLIDATED FINANCIAL  
INFORMATION AND REVIEW REPORT  
FOR THE NINE MONTH PERIOD ENDED  
30 SEPTEMBER 2017



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

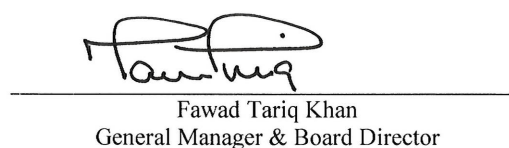
As at 30 September 2017

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

		<i>30 September</i>	<i>31 December</i>
		<i>2017</i>	<i>2016</i>
	<i>Notes</i>	<i>Unaudited</i>	<i>Audited</i>
<b><u>Assets</u></b>			
Cash and deposits with banks	4	170,243	346,610
Receivables and other debit balances	5	77,903	31,974
Loans, advances and finance leases	6	489,102	609,026
Investments in SHUAA managed funds	7	99,599	102,584
Investments in third party associates	8	60,553	44,766
Other investments	9	232,903	131,962
Property and equipment		28,134	33,574
<b>Total Assets</b>		<b>1,158,437</b>	<b>1,300,496</b>
<b><u>Liabilities</u></b>			
Due to banks	10	148,279	296,944
Payables and other credit balances		125,465	177,763
<b>Total Liabilities</b>		<b>273,744</b>	<b>474,707</b>
<b><u>Equity</u></b>			
Share capital		1,065,000	1,065,000
Employee long term incentive plan shares	11	(5,341)	(5,341)
Accumulated losses		(173,430)	(233,256)
Investment revaluation reserve	12	(1,367)	(468)
Translation reserve		(203)	(180)
Equity attributable to the shareholders of the Parent		884,659	825,755
Non controlling interests		34	34
<b>Total Equity</b>		<b>884,693</b>	<b>825,789</b>
<b>Total Liabilities and Equity</b>		<b>1,158,437</b>	<b>1,300,496</b>

The interim condensed consolidated financial information was approved by the Board of Directors on 5 November 2017.

  
Jassim Alseddiqi  
Chairman

  
Fawad Tariq Khan  
General Manager & Board Director

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 30 September 2017

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

		<i>1 July to 30 September 2017 (3 months) Unaudited</i>	<i>1 January to 30 September 2017 (9 months) Unaudited</i>	<i>1 July to 30 September 2016 (3 months) Unaudited</i>	<i>1 January to 30 September 2016 (9 months) Unaudited</i>
Interest income		<b>16,041</b>	<b>55,764</b>	35,147	107,884
Net fees and commissions		<b>15,388</b>	<b>34,354</b>	13,913	37,854
Trading income		<b>1,250</b>	<b>4,980</b>	454	870
Losses from investments in SHUAA managed funds	13	<b>(3,115)</b>	<b>(3,305)</b>	(856)	(7,896)
<b>Total revenues</b>		<b>29,564</b>	<b>91,793</b>	48,658	138,712
General and administrative expenses		<b>(21,190)</b>	<b>(61,742)</b>	(31,935)	(95,455)
Interest expense		<b>(4,093)</b>	<b>(15,170)</b>	(7,423)	(22,369)
Depreciation		<b>(1,886)</b>	<b>(5,794)</b>	(2,585)	(7,379)
Provisions - net		<b>13,585</b>	<b>3,506</b>	(45,403)	(133,988)
<b>Total expenses</b>		<b>(13,584)</b>	<b>(79,200)</b>	(87,346)	(259,191)
<b>Net profit / (loss) before gains from other investments</b>		<b>15,980</b>	<b>12,593</b>	(38,688)	(120,479)
Gains from other investments, including investments in third party associates	14	<b>7,006</b>	<b>47,233</b>	3,416	6,875
<b>Profit/(loss) for the period</b>		<b>22,986</b>	<b>59,826</b>	(35,272)	(113,604)
<b>Attributable to:</b>					
Equity holders of the Parent		<b>22,986</b>	<b>59,826</b>	(35,272)	(113,604)
Non controlling interests		-	-	-	-
		<b>22,986</b>	<b>59,826</b>	(35,272)	(113,604)
Earnings/(loss) per share (in AED)	15	<b>0.022</b>	<b>0.056</b>	(0.033)	(0.107)

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 30 September 2017

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

	<i>1 July to 30 September 2017 (3 months) Unaudited</i>	<i>1 January to 30 September 2017 (9 months) Unaudited</i>	<i>1 July to 30 September 2016 (3 months) Unaudited</i>	<i>1 January to 30 September 2016 (9 months) Unaudited</i>
<b>Profit/(loss) for the period</b>	<b>22,986</b>	<b>59,826</b>	(35,272)	(113,604)
<b>Other comprehensive income/(loss)</b>				
<i>Items that will be reclassified subsequently to profit or loss:</i>				
Net revaluation reserve movement on:				
- investments in SHUAA managed funds	(81)	(899)	(89)	(388)
- other investments	-	-	-	(2,781)
Exchange differences on translation of foreign operations	1	(23)	(2)	1
<b>Other comprehensive loss for the period</b>	<b>(80)</b>	<b>(922)</b>	(91)	(3,168)
<b>Total comprehensive income/(loss) for the period</b>	<b>22,906</b>	<b>58,904</b>	(35,363)	(116,772)
<b>Attributable to:</b>				
Equity holders of the Parent	22,906	58,904	(35,363)	(116,772)
Non controlling interests	-	-	-	-
	<b>22,906</b>	<b>58,904</b>	(35,363)	(116,772)

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 30 September 2017

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

	<i>Notes</i>	<i>1 January to 30 September 2017 (9 months) Unaudited</i>	<i>1 January to 30 September 2016 (9 months) Unaudited</i>
<b>Cash flows from operating activities</b>			
Profit/(loss) for the period		<b>59,826</b>	(113,604)
Adjustments for:			
Depreciation		<b>5,794</b>	7,379
Losses on investments in SHUAA managed funds		<b>3,305</b>	7,896
Gains from other investments, including third party associates		<b>(47,233)</b>	(6,875)
Provisions - net		<b>(3,506)</b>	133,988
<b>Operating cash flows before changes in operating assets and liabilities</b>		<b>18,186</b>	28,784
Changes in operating assets and liabilities:			
Increase in receivables and other debit balances		<b>(25,061)</b>	(4,017)
Decrease in loans, advances and finance leases		<b>121,140</b>	135,910
Decrease in payables and other credit balances		<b>(49,853)</b>	(41,475)
Net (acquisition of)/redemption from SHUAA managed funds		<b>(1,219)</b>	28,060
<b>Net cash generated from operating activities</b>		<b>63,193</b>	147,262
<b>Cash flows from investing activities</b>			
Net purchase of other investments		<b>(94,876)</b>	(14,853)
Dividend distribution from associates		<b>800</b>	4,760
Net purchase of property and equipment		<b>(354)</b>	(3,941)
<b>Net cash used in investing activities</b>		<b>(94,430)</b>	(14,034)
<b>Cash flows from financing activities</b>			
Decrease in due to banks		<b>(148,665)</b>	(93,557)
Distribution to non controlling interest		<b>-</b>	(40)
<b>Net cash used in financing activities</b>		<b>(148,665)</b>	(93,597)
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(179,902)</b>	39,631
Foreign currency translation		<b>(23)</b>	6
Cash and cash equivalents at beginning of the period		<b>316,324</b>	238,195
<b>Cash and cash equivalents at end of the period</b>	4	<b>136,399</b>	277,832

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 30 September 2017

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

	Equity attributable to shareholders of the Parent								
	Share capital	Employee long term incentive plan shares	Statutory reserve	Accumulated losses	Investment revaluation reserve	Translation reserve	Total	Non controlling interests	Total
<b>Balance as of 1 January 2016 (Audited)</b>	<b>1,065,000</b>	<b>(10,790)</b>	<b>200,861</b>	<b>(296,211)</b>	<b>2,781</b>	<b>(228)</b>	<b>961,413</b>	<b>75</b>	<b>961,488</b>
Total comprehensive (loss)/income for the period	-	-	-	(113,604)	(3,169)	1	(116,772)	-	(116,772)
Accumulated losses offset	-	-	(200,861)	200,861	-	-	-	-	-
Net movement in employee long term incentive plan shares (note 11)	-	5,449	-	(5,449)	-	-	-	-	-
Distribution to non controlling interests	-	-	-	-	-	-	-	(40)	(40)
<b>Balance as of 30 September 2016 (Unaudited)</b>	<b>1,065,000</b>	<b>(5,341)</b>	<b>-</b>	<b>(214,403)</b>	<b>(388)</b>	<b>(227)</b>	<b>844,641</b>	<b>35</b>	<b>844,676</b>

	Equity attributable to shareholders of the Parent								
	Share capital	Employee long term incentive plan shares	Statutory reserve	Accumulated losses	Investment revaluation reserve	Translation reserve	Total	Non controlling interests	Total
<b>Balance as of 1 January 2017 (Audited)</b>	<b>1,065,000</b>	<b>(5,341)</b>	<b>-</b>	<b>(233,256)</b>	<b>(468)</b>	<b>(180)</b>	<b>825,755</b>	<b>34</b>	<b>825,789</b>
Total comprehensive income/(loss) for the period	-	-	-	59,826	(899)	(23)	58,904	-	58,904
<b>Balance as of 30 September 2017 (Unaudited)</b>	<b>1,065,000</b>	<b>(5,341)</b>	<b>-</b>	<b>(173,430)</b>	<b>(1,367)</b>	<b>(203)</b>	<b>884,659</b>	<b>34</b>	<b>884,693</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 30 September 2017

(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 UAE Federal Law No. 2 of 2015 (as amended) (“Companies Law”). 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 and is licensed by the Emirates Securities and Commodities Authority to conduct investment management, financial consultation and financial analysis activities.

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 30 September 2017 are as follows:

Name	Country of incorporation	Principal activities	Holding 30 September 2017	Holding 31 December 2016
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%

\* During the period, as part of the plan to address future performance the Group management decided to initiate closure of this subsidiary i.e. SHUAA Asset Management Ltd. As a result all assets and liabilities will be transferred to the Parent Company and the business of the subsidiary will be managed by the Parent Company in the future.

### 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 2016, except for the adoption of new standards effective as of 1 January 2017, which are detailed below. The application of the new standards did not have any material impact on the amounts reported for the current and prior periods.

	<u>Effective for annual periods beginning on or after</u>
<i>Amendments to IAS 7 Statement of Cash Flows to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.</i>	1 January 2017
<i>Amendments to IAS 12 Income Taxes relating to the recognition of deferred tax assets for unrealised losses.</i>	1 January 2017
<i>Annual Improvements to IFRS Standards 2014 – 2016 Cycle – Amendments to IFRS 12 Disclosure of Interests in Other Entities.</i>	1 January 2017



## SHUAA Capital psc

### Notes to the Interim Condensed Consolidated Financial Information

For the period ended 30 September 2017

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

#### 2. SIGNIFICANT ACCOUNTING POLICIES - continued

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 (i.e. IFRS 9, IFRS 15 and IFRS 16) 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.

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 2016. In addition, results for the nine month period ended 30 September 2017 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2017.

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 2016.

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 2017 and 30 September 2016.

#### 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 2017</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	-	20,000	-	<b>20,000</b>
Available for sale	-	14,793	-	<b>14,793</b>
Other investments				
Held at fair value through profit or loss	135,860	87,635	379	<b>223,874</b>
Available for sale	-	16	9,013	<b>9,029</b>
Receivables and other debit balances				
Derivative instrument	-	21,023	-	<b>21,023</b>
	<b>135,860</b>	<b>143,467</b>	<b>9,392</b>	<b>288,719</b>
<i>Financial liabilities</i>				
Held at fair value through profit or loss	(4,302)	-	-	<b>(4,302)</b>

## SHUAA Capital psc

### Notes to the Interim Condensed Consolidated Financial Information

For the period ended 30 September 2017

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

#### 3. FAIR VALUE OF FINANCIAL INSTRUMENTS - continued

	<i>31 December 2016</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	-	18,501	-	18,501
Available for sale	-	15,692	-	15,692
Other investments				
Held at fair value through profit or loss	121,850	674	379	122,903
Available for sale	-	16	9,043	9,059
	<u>121,850</u>	<u>34,883</u>	<u>9,422</u>	<u>166,155</u>

#### 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.

#### 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 2017</i>						
	<i>(9 months) Unaudited</i>						
	<i>Balance at 1 January 2017</i>	<i>Gain/(loss) through P&amp;L</i>	<i>Gain/(loss) through OCI</i>	<i>Purchases</i>	<i>Sales</i>	<i>Transfers from/(to) levels 1 &amp; 2</i>	<i>Balance at 30 September 2017</i>
Other investments							
Held at FVTPL	379	-	-	-	-	-	379
Available for sale	9,043	(30)	-	-	-	-	9,013
	<u>9,422</u>	<u>(30)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,392</u>
	<i>1 January to 30 September 2016</i>						
	<i>(9 months) Unaudited</i>						
	<i>Balance at 1 January 2016</i>	<i>Gain/(loss) through P&amp;L</i>	<i>Gain/(loss) through OCI</i>	<i>Purchases</i>	<i>Sales</i>	<i>Transfers from/(to) levels 1 &amp; 2</i>	<i>Balance at 30 September 2016</i>
Other investments							
Held at FVTPL	945	-	-	-	-	-	945
Available for sale	9,455	(103)	-	-	-	-	9,352
	<u>10,400</u>	<u>(103)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,297</u>

## SHUAA Capital psc

### Notes to the Interim Condensed Consolidated Financial Information

For the period ended 30 September 2017

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

#### 3. FAIR VALUE OF FINANCIAL INSTRUMENTS - continued

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 30 September 2017 (9 months) Unaudited</i>	<i>1 January to 30 September 2016 (9 months) Unaudited</i>
Other investments		
Unrealised losses	<u>(30)</u>	<u>(103)</u>

#### 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:

	<i>30 September 2017 Unaudited</i>		<i>30 September 2016 Unaudited</i>	
	<i>Carrying amount</i>	<i>Effect of reasonably possible alternative assumptions</i>	<i>Carrying amount</i>	<i>Effect of reasonably possible alternative assumptions</i>
Other investments				
Held at fair value through profit or loss	379	95	945	236
Available for sale	<u>9,013</u>	<u>1,802</u>	<u>9,352</u>	<u>1,870</u>
	<u>9,392</u>	<u>1,897</u>	<u>10,297</u>	<u>2,106</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 deposits of 33,844 (31 December 2016: 30,286) with banks, which are held as collateral against Group's banking facilities including the Central Bank of the U.A.E guarantee. For the purposes of interim consolidated statement of cash flows, cash and cash equivalents are stated net of these deposits.

#### 5. RECEIVABLES AND OTHER DEBIT BALANCES

Receivables and other debit balances includes AED 21,023 (31 December 2016: nil) representing a fair value of a derivative instrument with a notional of AED 76,162 and maturity date of 31 December 2018.

Notional amount reflect absolute exposure to underlying stock exchange indices, equities and foreign currencies upon which the fair value of the derivative instrument is based and is not necessarily indicative of future cash flows from this instrument. The notional amount reflect the extent of the Company's involvement in this instrument at the reporting date.

## SHUAA Capital psc

### Notes to the Interim Condensed Consolidated Financial Information

For the period ended 30 September 2017

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

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

Loans, advances and finance leases comprise the following:

	<i>30 September 2017 Unaudited</i>	<i>31 December 2016 Audited</i>
Loans and advances	<b>319,353</b>	379,294
Finance leases	<b>139,454</b>	192,667
Margin lending	<b>30,295</b>	37,065
	<b>489,102</b>	609,026

##### (a) Loans and advances

	<i>30 September 2017 Unaudited</i>	<i>31 December 2016 Audited</i>
Total loans and advances	<b>463,027</b>	498,308
Less: Cumulative allowance for impairment	<b>(109,735)</b>	(106,175)
Less: Interest in suspense	<b>(33,939)</b>	(12,839)
	<b>319,353</b>	379,294

##### (b) Finance Leases

	<i>30 September 2017 Unaudited</i>	<i>31 December 2016 Audited</i>
Current finance lease receivables	<b>113,104</b>	123,731
Non-current finance lease receivables	<b>42,604</b>	82,740
Less: Allowances for uncollectible lease payments	<b>(16,254)</b>	(13,804)
	<b>139,454</b>	192,667

##### (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 2017, these underlying securities were valued at 74,950 (31 December 2016: 199,049). Provisions are made for the uncovered portion of margins. As at the end of the period, the cumulative provision is 46,947 (31 December 2016: 46,739).

#### 7. INVESTMENTS IN SHUAA MANAGED FUNDS

Investments in SHUAA managed funds consist of the following:

	<i>30 September 2017 Unaudited</i>	<i>31 December 2016 Audited</i>
Held at fair value through profit or loss	<b>20,000</b>	18,501
Associates	<b>64,806</b>	68,391
Available for sale	<b>14,793</b>	15,692
	<b>99,599</b>	102,584

## SHUAA Capital psc

### Notes to the Interim Condensed Consolidated Financial Information

For the period ended 30 September 2017

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

#### 7. INVESTMENTS IN SHUAA MANAGED FUNDS - continued

##### Associates

The Group owns 27.0% (31 December 2016: 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 2016: 26.3%) 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 Saudi Arabia.

#### 8. INVESTMENTS IN THIRD PARTY ASSOCIATES

The Group has the following investments in third party associates:

	<i>30 September 2017 Unaudited</i>	<i>31 December 2016 Audited</i>
U.A.E.	<u>60,553</u>	<u>44,766</u>

##### City Engineering LLC

The Group owns 40.0% (31 December 2016: 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.

##### 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 2016: 49.0%) of Septech Holding Limited. The recoverable amount of this asset has been determined based on equity accounting.

#### 9. OTHER INVESTMENTS

Other investments comprise of the following:

	<i>30 September 2017 Unaudited</i>	<i>31 December 2016 Audited</i>
Investments held at fair value through profit or loss	223,874	122,903
Investments available for sale	9,029	9,059
	<u>232,903</u>	<u>131,962</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>30 September 2017 Unaudited</i>	<i>31 December 2016 Audited</i>
Equity securities	95,565	110,209
Fixed income securities	52,147	12,113
Fund investments	76,162	581
	<u>223,874</u>	<u>122,903</u>

## SHUAA Capital psc

### Notes to the Interim Condensed Consolidated Financial Information

For the period ended 30 September 2017

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

#### 9. OTHER INVESTMENTS - continued

##### b) Investments available for sale

Investments available for sale comprise of the following:

	<i>30 September 2017 Unaudited</i>	<i>31 December 2016 Audited</i>
Unquoted fund investments	9,013	9,043
Equity investments	16	16
	<u>9,029</u>	<u>9,059</u>

#### 10. 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 2017 Unaudited</i>	<i>31 December 2016 Audited</i>
Repayable within twelve months	144,897	196,241
Repayable after twelve months	3,382	100,703
	<u>148,279</u>	<u>296,944</u>

The Group's banking facilities carry EIBOR/SIBOR based interest/profit rates plus a spread ranging between 2% and 4%.

Due to banks includes 112,500 representing remaining balance of a 500,000 syndicated loan facility which is repayable over the next 9 months and is secured by a charge over certain of the Group's assets.

At 30 September 2017, letters of guarantee on behalf of the Group amounting to 63,415 (31 December 2016: 63,415) 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.

#### 11. EMPLOYEE LONG TERM INCENTIVE PLAN SHARES

The following employee long term incentive plan shares were held in trust at 30 September 2017:

	<i>30 September 2017 Unaudited</i>	<i>31 December 2016 Audited</i>
Number of shares	2,348,004	2,348,004
Shares as percentage of total shares in issue	0.2%	0.2%
Cost of shares	5,341	5,341
Market value of shares	2,630	3,475

There was no movement in employee long term incentive plan shares during the period.

During the nine months period ended 30 September 2016, 2,395,000 shares were vested. Consequently, the weighted average cost of those shares amounting to 5,449 was transferred to accumulated losses.

## SHUAA Capital psc

### Notes to the Interim Condensed Consolidated Financial Information

For the period ended 30 September 2017

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

#### 12. INVESTMENT REVALUATION RESERVE

	<i>1 January to 30 September 2017 (9 months) Unaudited</i>	<i>1 January to 30 September 2016 (9 months) Unaudited</i>
<b>Available for sale investments</b>		
Balance at beginning of the period	(468)	2,781
Net movement in fair values during the period	(899)	(388)
Reserve recycled to income statement on disposal	-	(2,781)
	<hr/>	<hr/>
Balance at end of the period	<b>(1,367)</b>	<b>(388)</b>
	<hr/> <hr/>	<hr/> <hr/>

#### 13. LOSSES FROM INVESTMENTS IN SHUAA MANAGED FUNDS

Losses and gains from investments in SHUAA managed funds comprise of the following:

	<i>1 January to 30 September 2017 (9 months) Unaudited</i>	<i>1 January to 30 September 2016 (9 months) Unaudited</i>
Funds held at fair value through profit or loss	280	(4,405)
Associates	(3,585)	(3,491)
	<hr/>	<hr/>
	<b>(3,305)</b>	<b>(7,896)</b>
	<hr/> <hr/>	<hr/> <hr/>

#### 14. GAINS FROM OTHER INVESTMENTS, INCLUDING THIRD PARTY ASSOCIATES

Gains and losses from other investments, including third party associates are detailed as follows:

	<i>1 January to 30 September 2017 (9 months) Unaudited</i>	<i>1 January to 30 September 2016 (9 months) Unaudited</i>
Third party associates	16,587	2,896
Other investments		
Held at fair value through profit or loss	30,676	1,318
Available for sale	(30)	2,661
	<hr/>	<hr/>
	<b>47,233</b>	<b>6,875</b>
	<hr/> <hr/>	<hr/> <hr/>

## SHUAA Capital psc

### Notes to the Interim Condensed Consolidated Financial Information

For the period ended 30 September 2017

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

#### 15. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share have been computed using the net profit/(loss) attributable to the equity holders of the Parent 59,826 (30 September 2016: (113,604)) divided by the weighted average number of ordinary shares outstanding 1,065,000,000 (30 September 2016: 1,065,000,000).

Diluted earnings per share as of 30 September 2017 and 30 September 2016 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 due to/from were as follows:

	<i>30 September 2017 Unaudited</i>	<i>31 December 2016 Audited</i>
Receivables and other debit balances		
Key management personnel	37	277
Other related parties (note 5)	22,927	27
Investments in SHUAA managed funds	99,599	102,584
Other investments	91,562	-
	<u>214,125</u>	<u>102,888</u>
	<i>30 September 2017 Unaudited</i>	<i>31 December 2016 Audited</i>
Payables and other credit balances		
Other related parties	28,031	28,000

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

	<i>1 January to 30 September 2017 (9 months) Unaudited</i>	<i>1 January to 30 September 2016 (9 months) Unaudited</i>
(Losses)/gains from investments in SHUAA managed funds		
Associates	(3,585)	(3,491)
Other related parties	280	(4,405)
Fees, commission and other income		
Other related parties	2,402	1,293
	<u>(903)</u>	<u>(6,603)</u>
Interest expense		
Other related parties	(1,675)	-



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

**16. RELATED PARTY TRANSACTIONS - continued**

Compensation of the key management personnel is as follows:

	<i>1 January to 30 September 2017 (9 months) Unaudited</i>	<i>1 January to 30 September 2016 (9 months) Unaudited</i>
Short term employee benefits	<b>(11,134)</b>	(9,765)
Termination benefits	<b>(668)</b>	(455)
	<b><u>(11,802)</u></b>	<u>(10,220)</u>

Compensation of the key management personnel includes (6,554) (30 September 2016: (7,650)) related to the staff who are no longer employed with the Company.

**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 real estate hospitality funds and projects in KSA and UAE. It also 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.

**Investment Banking** provides corporate finance advisory, private placements, public offerings of equity and debt securities, mergers, acquisitions, divestitures, spinoffs, syndications and structured products.

**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.

**SHUAA Capital psc****Notes to the Interim Condensed Consolidated Financial Information**

For the period ended 30 September 2017

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

**17. SEGMENTAL INFORMATION - continued**

	<b>1 January 2017 to 30 September 2017 (9 months) Unaudited</b>					
	<b>Asset Management</b>	<b>Investment Banking</b>	<b>Capital Markets</b>	<b>Lending</b>	<b>Corporate</b>	<b>Total</b>
Interest income	872	-	1,409	50,969	2,514	<b>55,764</b>
Net fees and commissions	20,904	3,717	5,588	3,794	351	<b>34,354</b>
Trading income	-	-	4,980	-	-	<b>4,980</b>
Losses from investments in SHUAA managed funds	-	-	-	-	(3,305)	<b>(3,305)</b>
<b>Total revenues</b>	<b>21,776</b>	<b>3,717</b>	<b>11,977</b>	<b>54,763</b>	<b>(440)</b>	<b>91,793</b>
General & administrative expenses	(12,770)	(4,167)	(13,013)	(18,405)	(13,387)	<b>(61,742)</b>
Interest expenses	-	-	-	(13,494)	(1,676)	<b>(15,170)</b>
Depreciation	(73)	-	(1,755)	(3,059)	(907)	<b>(5,794)</b>
Provisions - net	-	(202)	375	949	2,384	<b>3,506</b>
<b>Total expenses</b>	<b>(12,843)</b>	<b>(4,369)</b>	<b>(14,393)</b>	<b>(34,009)</b>	<b>(13,586)</b>	<b>(79,200)</b>
<b>Net profit/(loss) before (losses)/gains from other investments</b>	<b>8,933</b>	<b>(652)</b>	<b>(2,416)</b>	<b>20,754</b>	<b>(14,026)</b>	<b>12,593</b>
(Losses)/gains from other investments	-	-	-	(6,333)	53,566	<b>47,233</b>
<b>Profit/(loss) for the period</b>	<b>8,933</b>	<b>(652)</b>	<b>(2,416)</b>	<b>14,421</b>	<b>39,540</b>	<b>59,826</b>
<b>Attributable to:</b>						
Equity holders of the Parent	8,933	(652)	(2,416)	14,421	39,540	<b>59,826</b>
Non controlling interests	-	-	-	-	-	<b>-</b>
	<b>8,933</b>	<b>(652)</b>	<b>(2,416)</b>	<b>14,421</b>	<b>39,540</b>	<b>59,826</b>

	<b>30 September 2017 Unaudited</b>					
	<b>Asset Management</b>	<b>Investment Banking</b>	<b>Capital Markets</b>	<b>Lending</b>	<b>Corporate</b>	<b>Total</b>
<b>Assets</b>	63,484	1,496	150,689	528,577	414,191	<b>1,158,437</b>
<b>Liabilities</b>	7,199	-	12,222	181,048	73,275	<b>273,744</b>

## SHUAA Capital psc

### Notes to the Interim Condensed Consolidated Financial Information

For the period ended 30 September 2017

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

#### 17. SEGMENTAL INFORMATION - continued

	1 January 2016 to 30 September 2016 (9 months) Unaudited					
	Asset Management	Investment Banking	Capital Markets	Lending	Corporate	Total
Interest income	873	-	444	98,930	7,637	107,884
Net fees and commissions	20,820	7,468	3,775	5,544	247	37,854
Trading income	-	-	839	-	31	870
Losses from investments in SHUAA managed funds	-	-	-	-	(7,896)	(7,896)
Total revenues	21,693	7,468	5,058	104,474	19	138,712
General & administrative expenses	(13,986)	(5,125)	(12,441)	(39,665)	(24,238)	(95,455)
Interest expenses	-	-	-	(22,369)	-	(22,369)
Depreciation	(90)	-	(1,522)	(4,539)	(1,228)	(7,379)
Provisions - net	-	-	191	(137,252)	3,073	(133,988)
Total expenses	(14,076)	(5,125)	(13,772)	(203,825)	(22,393)	(259,191)
Net profit/(loss) before gains from other investments	7,617	2,343	(8,714)	(99,351)	(22,374)	(120,479)
Gains from other investments	-	-	-	-	6,875	6,875
Profit/(loss) for the period	7,617	2,343	(8,714)	(99,351)	(15,499)	(113,604)
Attributable to:						
Equity holders of the Parent	7,617	2,343	(8,714)	(99,351)	(15,499)	(113,604)
Non controlling interests	-	-	-	-	-	-
	7,617	2,343	(8,714)	(99,351)	(15,499)	(113,604)

	31 December 2016 Audited					
	Asset Management	Investment Banking	Capital Markets	Lending	Corporate	Total
Assets	103,427	-	114,984	701,509	380,576	1,300,496
Liabilities	7,649	-	8,263	368,189	90,606	474,707

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 2016 have been reclassified between segments in order to correspond to the changes in the internal reporting to the management.

## SHUAA Capital psc

### Notes to the Interim Condensed Consolidated Financial Information

For the period ended 30 September 2017

(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	124,854	21,736	2,714	515	20,424	-	170,243
Receivables and other debit balances	43,899	32,884	1,120	-	-	-	77,903
Loans, advances and finance leases	309,030	180,009	2	-	-	61	489,102
Investments in SHUAA managed funds	20,000	79,599	-	-	-	-	99,599
Investments in third party associates	60,553	-	-	-	-	-	60,553
Other investments	121,395	110,809	693	-	6	-	232,903
Property and equipment	24,477	3,642	15	-	-	-	28,134
<b>Total Assets – 30 September 2017 (Unaudited)</b>	<b>704,208</b>	<b>428,679</b>	<b>4,544</b>	<b>515</b>	<b>20,430</b>	<b>61</b>	<b>1,158,437</b>
Total Assets – 31 December 2016 (Audited)	772,651	515,724	3,620	1,132	7,330	39	1,300,496

#### 19. MATURITY PROFILE

The maturity profile of assets and liabilities as of 30 September 2017, determined on the basis of the remaining contractual maturity is as follows. 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	136,399	3,433	139,832	30,411	-	170,243
Receivables and other debit balances	40,352	34,153	74,505	3,398	-	77,903
Loans, advances and finance leases	118,815	198,458	317,273	171,829	-	489,102
Investments in SHUAA managed funds*	20,000	21,602	41,602	57,997	-	99,599
Investments in third party associates*	-	-	-	60,553	-	60,553
Other investments*	76,757	125,348	202,105	30,798	-	232,903
Property and equipment*	-	-	-	28,134	-	28,134
<b>Total Assets</b>	<b>392,323</b>	<b>382,994</b>	<b>775,317</b>	<b>383,120</b>	<b>-</b>	<b>1,158,437</b>
Due to banks	47,581	97,316	144,897	3,382	-	148,279
Payables and other credit balances	104,284	12,224	116,508	8,957	-	125,465
Equity	-	-	-	-	884,693	884,693
<b>Total Liabilities and Equity</b>	<b>151,865</b>	<b>109,540</b>	<b>261,405</b>	<b>12,339</b>	<b>884,693</b>	<b>1,158,437</b>
<b>Net liquidity gap</b>	<b>240,458</b>	<b>273,454</b>	<b>513,912</b>	<b>370,781</b>	<b>(884,693)</b>	<b>-</b>
<b>Cumulative liquidity gap – 30 September 2017 (Unaudited)</b>	<b>240,458</b>	<b>513,912</b>	<b>513,912</b>	<b>884,693</b>	<b>-</b>	<b>-</b>
Cumulative liquidity gap – 31 December 2016 (Audited)	370,961	424,975	424,975	825,789	-	-

## SHUAA Capital psc

### Notes to the Interim Condensed Consolidated Financial Information

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

#### 20. COMMITMENTS AND CONTINGENT LIABILITIES

The Group had the following outstanding commitments and contingent liabilities:

	<i>30 September 2017 Unaudited</i>	<i>31 December 2016 Audited</i>
Contingent liabilities	<b>1,931</b>	1,899

Contingent liabilities mainly comprise of performance guarantees issued which are regarded as unlikely to crystallise as a liability.

	<i>30 September 2017 Unaudited</i>	<i>31 December 2016 Audited</i>
Commitments		
SHUAA managed funds	<b>77,199</b>	67,199
Other investments	<b>37,832</b>	-
	<b>115,031</b>	67,199

#### 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 30 September 2017, clients' assets amounting to 3.4 billion (31 December 2016: 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.