

Press Release

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SHUAA Capital 1Q results & business update

SHUAA Capital (DFM: SHUA.DU), the region's leading financial services institution, today reported its first quarter results for the period ended 31 March 2011. The period showed an improvement over the last quarter and against market expectations. Most notably, Asset Management recorded the first net inflows since June 2008, increasing its assets under management by AED 87.1 million to AED 784.8 million. Brokerage reclaimed its number two position on Dubai Financial Market, the best result since 2009 and the Finance division generated a healthy profit. Private Equity assets under management remained unchanged at AED 1.9 billion and Group-wide client assets under administration remained stable at AED 5.0 billion during the quarter.

Despite SHUAA Capital's operational progress, the economic environment, influenced by turmoil across the Middle East, impacted financial markets and resulted in SHUAA Capital reporting revenues for the first quarter of 2011 of AED 27.1 million (Q1 2010: AED 60.9 million) and a loss for the first quarter of AED 26.3 million (Q1 2010: profit AED 19.5 million).

The strength of SHUAA Capital's balance sheet remains a fundamental advantage in the face of the adverse market conditions in the MENA region. Total assets as of 31 March 2011 were AED 1.9 billion. The Company has further increased its cash position to AED 448 million and reduced its total liabilities to AED 405 million, resulting in an extremely low debt to equity ratio.

To improve operational efficiency and adapt the cost structure to the tough business climate, the Company has taken the decision to implement a systematic right-sizing program which is expected to achieve an annualized cost saving of over AED 30 million. The program will include reducing administrative expenses, amalgamation and further alignment of departments and a reduction in overall headcount. This includes 39 people from the various divisions, predominantly in back office and support functions, representing in total 10.7% of the Company's full time employees. SHUAA Capital will do all it can to help those staff affected in a socially responsible manner, including offering outplacement services.

Despite these economic challenges SHUAA Capital is in a strong position and has leading business lines as well as a strong balance sheet with minimal debt and a positive cash situation. This will allow the Company to implement an aggressive revenue enhancement program that will facilitate organic growth including the introduction of new products and services on which it is currently actively working. This may also include acquisitions to take advantage of consolidation opportunities.

Appointment of HH Sheikh Maktoum bin Hasher Al Maktoum as Chairman

The Company also announced today that HH Sheikh Maktoum bin Hasher Al Maktoum, who recently joined the Board, has been appointed Chairman. He takes over from Majid Al Ghurair, who will step down from the Board of Directors after 11 years as Chairman.

HH Sheikh Maktoum bin Hasher Al Maktoum is well known for his dynamic leadership, strong international business acumen and astute investments. He has a record of successfully supporting business turnaround situations applying intense strategic thinking and critical decision making to drive results.

His Highness is Chairman of Dubai International Holding Company a successful and diversified investment company and President of Al Fajer Properties, an innovative Dubai real estate developer. In 2007 he was named Young Global Leader by the World Economic Forum and in 2009 he was awarded 'Real Estate CEO of the year' by CEO Middle East.

Commenting on his appointment HH Sheikh Maktoum bin Hasher Al Maktoum, said: "SHUAA Capital has a well respected brand with a strong and committed management team. Much has been done to transform the business and position it for the opportunities ahead. My priority and commitment is to facilitate a new sense of confidence in the solid foundations of the firm, sharpen its focus and step up delivery of tangible results to lead the business back to profitability. I look forward to working with Sameer and the Board, placing SHUAA on a sustainable path and unlocking latent shareholder value."

Mr. Sameer Al Ansari, Chief Executive Officer of SHUAA Capital commenting on the period said: "Whilst we have made significant operational improvements over the last year we have had to take further tough decisions to ensure that even in the most challenging environment SHUAA can be profitable. With many of our competitors either exiting business lines or reducing their capability we see an opportunity to build market share across our core businesses and as such are implementing a revenue enhancement plan to exploit our many advantages."

Concluding Mr Al Ansari said: "On behalf of the Board I would like to thank Majid Al Ghurair for his counsel over many years. The Board looks forward to working with HH Sheikh Maktoum bin Hasher Al Maktoum. He brings a fresh perspective and an impressive track record structuring businesses. He will play a critical role as we manage the business through the current environment and strengthen its market position for a new era of success."

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About SHUAA Capital psc: Since 1979, SHUAA Capital has played a prominent role in shaping the financial services landscape of the GCC and will continue to be at the vanguard of regional integration into global financial markets. SHUAA Capital maintains a leadership position in Investment Banking, Asset Management, Brokerage, Private Equity, Finance, and Research. Headquartered in Dubai, in the United Arab Emirates, SHUAA Capital has a regional presence with offices in Abu Dhabi, Riyadh, Jeddah, Doha, Cairo and Amman. Embedded in the dynamic economic environment of the Gulf Cooperation Council, SHUAA Capital provides a broad range of financial services to corporations, governments, institutional clients, and high net worth individuals. www.shuaacapital.com

For further information please contact:

Oliver Schutzmann

Head of Investor Relations & Corporate Communications

Tel: +971 4 319 9872

Mobile: +971 50 640 5722

oschutzmann@shuaacapital.com