

PRESS RELEASE

For immediate publication

SHUAA reports second quarter 2011 profit of AED 0.6 million

- Total revenues were AED 35.7 million, an increase of 8% from AED 33.0 million in 2Q 2010
- Net profit was AED 0.6 million up AED 57.2 million from a loss of AED 56.6 million in 2Q 2010
- Balance sheet remains strong with total assets of AED 1.9 billion, including AED 412 million in cash, against total liabilities of AED 422 million. Total equity stands at AED 1.5 billion
- Further evidence of operational progress:
 - Finance generated net profit of AED 4.2 million on revenues of AED 13.8 million
 - Total assets under management in Asset Management up 48% to AED 959 million from AED 649 million in the prior-year quarter and up 22% on the first quarter 2011
- Current quarter results included the following significant items:
 - Total expenses reduction of 7% y-o-y to AED 62.8 million
 - AED 2.7 million gains on SHUAA managed funds
 - AED 27.7 million gains on other investments

Dubai – 26 July 2011: SHUAA Capital (DFM: SHUA.DU) today reported results for the second quarter 2011. Despite challenging markets for the financial industry the second quarter results saw revenues increase to AED 35.7 million (2Q 2010: AED 33.0 million). The bottom line recovered to a net profit of AED 0.6 million up from a second quarter loss last year of AED 56.6 million and also up from the first quarter 2011 loss of AED 26.3 million. Earnings per share were AED 0.001, compared with a loss per share of AED 0.053 in 2Q 2010. Book value at AED 1.37 per share represents a substantial premium to the current share price levels of around AED 1.00.

HH Sheikh Maktoum bin Hasher Al Maktoum, Chairman of SHUAA Capital said:

“In the last quarter, SHUAA Capital has been working hard to strengthen its existing business and improve its bottom line. The break even result in the second quarter gives us reason to be cautiously optimistic for the future but we realize that more work needs to be done. Our strong balance sheet places us in a strong position to weather the current market environment and take advantage of an upturn when it comes.”

Sameer Al Ansari, Chief Executive Officer of SHUAA Capital commented:

“The second quarter’s performance demonstrates that SHUAA has a more solid foundation. Asset Management, Finance and Private Equity reported a profit, while Brokerage and Investment Banking continue to suffer from subdued market activity. We further strengthened our balance sheet, ending the second quarter with AED 1.9 billion in assets, including AED 412 million in cash, against liabilities of AED 422 million. This gives us the flexibility to invest in organic as well as inorganic growth, playing a consolidator role when opportunities arise.”

“In the second quarter, we made further operational progress in some of our key business areas. The Asset Management business recorded a 48% increase in assets under management compared to the prior-year quarter. Finance generated AED 138 million of new business, a 133 % increase on the comparable period in 2010.”

“The conservative management decisions that we took early on to fix legacy issues, de-risk our balance sheet, and build a world class corporate governance framework, are helping us stand out as a credible partner for clients seeking financial stability in today’s turbulent environment. It is reasonable to expect that with an improvement in market conditions, we will generate further momentum with our clients, build market share and start executing investment banking mandates.”

Balance Sheet

SHUAA Capital maintained a strong balance sheet with a solid asset base and minimal debt. Total assets were AED 1.9 billion at the end of June 2011, including AED 412 million in cash, against total liabilities of AED 422 million. Total shareholder’s equity stands at AED 1.5 billion.

Non-core assets stood at AED 397 million, AED 78.1 million lower than at the end of the first quarter of 2011. This includes AED 194.5 million of investments in third party associates, AED 19.2 million of investment in third party funds, AED 10.0 million in equities, AED 16.0 million in bonds, AED 149.4 million of investments available for sale and 7.5 million of investments held to maturity.

Treasury deployed excess cash in the second quarter which included fixed income securities of AED 59.1 million and placed AED 15.4 million with SHUAA Asset Management to enhance yield.

Total investments in SHUAA managed funds increased by AED 19.9 million to AED 204.8 million up from AED 184.9 million in the first quarter 2011.

Segmental Information

Asset Management

SHUAA Asset Management has been consistently outperforming its benchmarks and its peers. The business is witnessing a recovery in assets under management which have increased by 48% to AED 959 million from AED 649 million in the prior-year quarter and up 22% on the first quarter 2011. This is a result of the strong performance of the funds. In 2Q 2011, the division reported revenues of AED 4.6 million (2Q 2010: negative revenues of AED 4.8 million) and a profit of AED 2.6 million, versus a loss of AED 8.8 million in 2Q 2010.

Private Equity

In 2Q 2011, revenues were AED 9.5 million (2Q 2010: AED 2.9 million) and profit was AED 8.7 million (2Q 2010: Loss of AED 1.5 million). The business continues to see steady fee income from the portfolio. At the same time, the division continues to monitor exit opportunities for investments of existing funds. The SHUAA Hospitality Fund continues to look for opportunities to deploy capital as well as progress the developments in which it is already active.

Brokerage

Despite extremely difficult market conditions where volumes remained very low across regional stock markets SHUAA Securities has continued to improve its market position after a temporary drop in May. At 30 June 2011, SHUAA had 5.78% of UAE market share (6.3% on DFM and 5.08% on ADX) The UAE Brokerage industry continues to see market consolidation with now less than 50 active brokers, down from 109 at the peak in 2008. During the period SHUAA has also been able to substantially increase its share of institutional business which now represents over 25% of trading, up from less than 10% this time last year. In 2Q 2011, revenues were AED 6.3 million (2Q 2010: AED 6.8 million) and losses were AED 1.6 million (2Q 2010: Profit of AED 0.5 million).

Investment Banking

SHUAA's Investment banking division continues to build its backlog of mandates in preparation for improved market conditions and remains well placed for the re-emergence of the primary markets activity in the UAE. Syndication saw an increase in activity following a number of successful bond issues during the period. In 2Q 2011, the Investment Banking Division revenues were AED 1.5 million (2Q 2010: AED 1.4 million) and losses were AED 2.5 million (2Q 2010: loss of AED 2.8 million).

Finance

Finance continued to make a significant contribution to the Group's results. The business recorded revenues of AED 13.8 million in 2Q 2011 (2Q 2010: AED 15.9 million) and a profit of AED 4.2 million in 2Q 2011, down AED 4.8 million as opposed to profits of AED 9.0 million in 2Q 2010. During the second quarter, the business generated AED 138 million of new business, a 133 % increase on the comparable period in 2010 and a 75 per cent increase on the first quarter 2011. Non-performing loans remained low at AED 6.9 million (2Q 2010: AED 11.8 million), or 1.6% of the total loan portfolio.

Corporate

The Corporate Centre reported revenues of AED 0.04 million in 2Q 2011 (2Q 2010: AED 10.8 million) and a loss for the period of AED 10.7 million (2Q 2010: AED 53.0 million) due to absorbing general and administrative expenses of AED 29.5 million, interest expenses of AED 2.9 million, depreciation of AED 1.0 million and provisions of AED 3.2 million which offset the gains from associates and other investments of AED 25.9 million.

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Cautionary Statement Regarding Forward-Looking Information

The statements contained herein may include statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

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About SHUAA Capital psc:

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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, Al Khobar, 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.