

SHUAA CAPITAL PSC and its Subsidiaries

CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION
FOR THE PERIOD FROM 1 JANUARY 2024 TO 30 JUNE 2024

SHUAA CAPITAL PSC and its subsidiaries

**Condensed consolidated interim financial information
for the six months ended 30 June 2024**

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Ref: BN/B3171/August 2024

Report on review of the condensed consolidated interim financial information

To,
The Board of Directors,
SHUAA Capital PSC,
Dubai, United Arab Emirates

Introduction

We have reviewed the accompanying condensed consolidated interim statement of financial position of SHUAA Capital PSC (the "Company") and its subsidiaries (together the "Group") as at June 30, 2024, and the related condensed consolidated interim statement of profit or loss and other comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows and notes for the six month period then ended and other explanatory notes. Management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with applicable International Accounting Standard 34, "Interim Financial Reporting" ("IAS-34"). Our responsibility is to express a conclusion on this condensed consolidated interim 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 consolidated 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 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting".

Emphasis of Matter

We draw attention to note 2.2 to the financial information which further describes that the Group has incurred a loss of AED 126 million during the six-month period ended June 30, 2024, and accumulated loss of AED 945 million. The Group is in breach of the covenants on its bilateral facility and as a result of which AED 208 million loan is classified as repayable within twelve months. Our conclusion is not modified in respect of this matter.

Other matter

The consolidated financial statements and condensed consolidated financial information for the prior year/period ended 31 December 2023 and 30 June 2023 respectively were audited/reviewed by another auditor, who expressed an unmodified opinion on those statements/information dated 28 May 2024 and 10 August 2023 respectively.

For, Crowe Mak



Basil Naser
Partner
Registered Auditor Number: 5507
Dubai, United Arab Emirates
August 14, 2024



SHUAA CAPITAL PSC and its subsidiaries

Condensed consolidated interim statement of profit or loss for the three and six months ended 30 June 2024 (unaudited) *

(Currency - Thousands of U.A.E. Dirhams)

	Notes	3 months to 30 June 2024 Unaudited	3 months to 30 June 2023 Unaudited	6 months to June 2024 Unaudited	6 months to 30 June 2023 Unaudited
Revenues					
Management and performance fees		19,178	30,153	44,223	83,065
Advisory fees		-	275	386	1,965
Trading and custody		550	3,533	4,976	8,250
Others		198	3,775	526	4,176
Total Revenues		19,926	37,736	50,111	97,456
Expenses					
General and administrative expenses		(24,378)	(32,466)	(48,311)	(49,348)
Depreciation and amortisation		(2,529)	(3,102)	(5,044)	(6,374)
Fee and commission expense		(1,035)	337	(2,060)	(813)
Total expenses		(27,942)	(35,231)	(55,415)	(56,535)
Operating Loss/Income		(8,016)	2,505	(5,304)	40,921
Finance cost		(22,745)	(19,909)	(35,825)	(33,664)
Net foreign exchange (loss)/gain		(818)	(4,555)	1,538	(7,662)
Provision for impairment losses on financial assets		(1,732)	74	(3,489)	(71)
Interest income		240	-	481	-
Other Income/(expense)	7	2,237	52,103	9,601	45,412
Change in fair value loss from financial assets at fair value through profit or loss (FVTPL)		(1,039)	(50,502)	(32,614)	(37,283)
Loss on derivative financial liability		-	(52)	-	(124)
Share of net profit/(loss) of investments in associates accounted for using the equity method		991	9,689	(61,213)	1,488
Pre-tax income		(30,882)	(10,647)	(126,825)	9,017
Income tax credit for the period		-	-	1,213	-
Net (loss)/income		(30,882)	(10,647)	(125,612)	9,017
Attributable to:					
Owners of the Parent		(29,480)	5,321	(116,677)	20,034
Non-controlling interests		(1,402)	(15,968)	(8,935)	(11,017)
		(30,882)	(10,647)	(125,612)	9,017
Earnings per share attributable to Owners (in AED)	17	(0.01)	0.002	(0.05)	0.01

* Refer to note 23 for changes to the presentation of the condensed consolidated interim statement of profit or loss.

SHUAA CAPITAL PSC and its subsidiaries

Condensed consolidated interim statement of comprehensive income for the three and six months ended 30 June 2024 (unaudited)

(Currency - Thousands of U.A.E. Dirhams)

		3 months to 30 June 2024 Unaudited	3 months to 30 June 2023 Unaudited	6 months to 30 June 2024 Unaudited	6 months to 30 June 2023 Unaudited
(Loss)/profit for the period	Notes	(30,882)	(10,647)	(125,612)	9,017
Other comprehensive income/(loss)					
<i>Items that may be reclassified to profit or loss</i>					
Exchange differences on translation of foreign operations	16	158	14,797	(12,568)	25,319
Net (loss)/gain on cash flow hedges		(32)	1,555	(8,287)	169
Other comprehensive income/(loss) for the period		126	16,352	(20,855)	25,488
Total comprehensive (loss)/income for the period		(30,756)	5,705	(146,467)	34,505
Attributable to:					
Owners of the Parent		(29,405)	13,603	(134,479)	31,768
Non-controlling interests		(1,351)	(7,898)	(11,988)	2,737
		(30,756)	5,705	(146,467)	34,505

The accompanying notes on pages 7 to 21 form an integral part of this condensed consolidated interim financial information.

SHUAA CAPITAL PSC and its subsidiaries

Condensed consolidated interim statement of financial position as at 30 June 2024

(unaudited)

(Currency - Thousands of U.A.E. Dirhams)

	Notes	30 June 2024 Unaudited	31 December 2023 Audited
Assets			
Cash and cash equivalents	8	22,891	27,343
Deposit held with bank		-	5,835
Receivables and other debit balances	9	167,152	151,408
Loans, advances and finance leases	10	101,934	108,110
Financial assets at fair value	19.1	72,946	337,813
Investments in associates	11	455,062	529,038
Property and equipment		16,425	20,515
Goodwill and other intangible assets	12	538,632	541,438
		-----	-----
Total assets		1,375,042	1,721,500
		-----	-----
Liabilities			
Payables and other credit balances	13	180,216	371,661
Other financial liabilities		141,963	137,156
Borrowings	14	849,619	862,972
		-----	-----
Total liabilities		1,171,798	1,371,789
		-----	-----
Equity			
Share capital	15	2,535,720	2,535,720
Share premium		52,579	52,579
Statutory reserve		49,631	49,631
Other reserves	16	(1,482,938)	(1,465,136)
Retained earnings		(945,267)	(828,590)
		-----	-----
Equity attributable to Owners		209,725	344,204
Non-controlling interests (NCI)		(6,481)	5,507
		-----	-----
Total equity		203,244	349,711
		-----	-----
Total equity and liabilities		1,375,042	1,721,500
		-----	-----

This condensed consolidated interim financial information was approved by the Board of Directors on 14 August 2024 and signed on their behalf by:



Nabil Ramadhan
Vice-Chairman



Wafik Ben Mansour
Group Chief Executive Officer

The accompanying notes on pages 7 to 21 form an integral part of this condensed consolidated interim financial information.

SHUAA CAPITAL PSC and its subsidiaries

Condensed consolidated interim statement of changes in equity for the six months ended 30 June 2024 (unaudited)

(Currency - Thousands of U.A.E. Dirhams)

	Share capital	Share premium	Statutory reserve	Other reserves	Retained earnings	Equity attributable to owners of the Parent	Non – controlling interests	Total
Balance at 1 January 2023 (Audited)	2,535,720	52,579	49,631	(1,467,476)	76,579	1,247,033	273,148	1,520,181
Profit for the period	-	-	-	-	20,034	20,034	(11,017)	9,017
Other comprehensive income for the period	-	-	-	11,734	-	11,734	13,754	25,488
Total comprehensive income for the period	-	-	-	11,734	20,034	31,768	2,737	34,505
Share of equity issuance expenses of associate	-	-	-	-	(11,682)	(11,682)	(1,295)	(12,977)
Transactions with owners	-	-	-	-	4,055	4,055	(4,055)	-
Non-cash distribution	-	-	-	-	-	-	(2,706)	(2,706)
Dividend paid to NCI	-	-	-	-	-	-	(6,189)	(6,189)
Balance at 30 June 2023 (Unaudited)	<u>2,535,720</u>	<u>52,579</u>	<u>49,631</u>	<u>(1,455,742)</u>	<u>88,986</u>	<u>1,271,174</u>	<u>261,640</u>	<u>1,532,814</u>
Balance at 1 January 2024 (Audited)	2,535,720	52,579	49,631	(1,465,136)	(828,590)	344,204	5,507	349,711
Loss for the period	-	-	-	-	(116,677)	(116,677)	(8,935)	(125,612)
Other comprehensive loss for the period	-	-	-	(17,802)	-	(17,802)	(3,053)	(20,855)
Total comprehensive loss for the period	-	-	-	(17,802)	(116,677)	(134,479)	(11,988)	(146,467)
Balance at 30 June 2024 (Unaudited)	<u>2,535,720</u>	<u>52,579</u>	<u>49,631</u>	<u>(1,482,938)</u>	<u>(945,267)</u>	<u>209,725</u>	<u>(6,481)</u>	<u>203,244</u>

The accompanying notes on pages 7 to 21 form an integral part of this condensed consolidated interim financial information.

SHUAA CAPITAL PSC and its subsidiaries**Condensed consolidated interim statement of cash flows for the six months ended 30 June 2024****(unaudited)**

(Currency - Thousands of U.A.E. Dirhams)

		6 months to 30 June 2024 Unaudited	6 months to 30 June 2023 Unaudited
	<i>Notes</i>		
Cash flows from operating activities			
(Loss)/profit for the period		(125,612)	9,017
Adjustments:			
Impact of loan settlement		-	(41,856)
Loss on disposal of associates		-	28,323
Foreign exchange (gain)/loss		(1,538)	7,662
Carried interest recognised – net		-	4,867
Finance cost		35,825	33,664
Net interest income		(481)	-
Fair value loss on investments at FVTPL		71,829	37,283
Others	7.1	6,750	-
Share of loss/(profit) from investments in associates	11	61,213	(1,488)
Loss on revaluation of derivative financial liabilities		-	124
Employees' end of service benefit charge		1,476	1,804
Provisions for impairment losses – net		3,489	292
Depreciation and amortization		5,044	6,374
		-----	-----
Operating cash flows before movements in working capital		57,995	86,066
Decrease in deposits held with bank		5,835	-
(Increase)/decrease in receivables and other debit balances		(19,233)	82,452
Decrease in loans and advances		6,176	53,998
Decrease in payables and other credit balances		(27,190)	(5,481)
(Increase)/decrease in other financial liabilities		351	(6,883)
		-----	-----
Net cash generated from operations		23,934	210,152
Employees' end of service benefit paid		(8,406)	(8,688)
		-----	-----
Net cash generated from operating activities		15,528	201,464
		-----	-----
Cash flows from investing activities			
Payments for the purchase of investments		-	(57,829)
Proceeds from disposal of investments		33,076	30,567
Net interest received		481	-
Distribution from associate		2,179	9,104
Acquisition of property and equipment		(947)	-
		-----	-----
Net cash generated from/(used in) investing activities		34,789	(18,158)
		-----	-----
Cash flows from financing activities			
Repayment of borrowings		(40,144)	(103,937)
Dividend paid		-	(8,896)
Lease rentals paid		(1,937)	(1,916)
Finance cost paid		(12,688)	(29,587)
		-----	-----
Net cash used in financing activities		(54,769)	(144,336)
		-----	-----
Net (decrease)/increase in cash and cash equivalents		(4,452)	38,970
Cash and cash equivalents at beginning of the period	8	26,093	62,900
		-----	-----
Cash and cash equivalents at end of the period	8	21,641	101,870
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The accompanying notes on pages 7 to 21 form an integral part of this condensed consolidated interim financial information.

SHUAA CAPITAL PSC and its subsidiaries

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2024

(Currency - Thousands of U.A.E. Dirhams)

1. LEGAL STATUS AND ACTIVITIES

SHUAA Capital P.S.C. (the “Company” or “SHUAA”) 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. 8 of 1984 concerning Commercial Companies and its amendments (“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.

These interim condensed consolidated financial information include the assets, liabilities and results of operations of the Group and its subsidiaries as disclosed in the Group’s annual consolidated financial statements as at 31 December 2023.

The company is licensed by the Securities and Commodities Authority to conduct Investment Management, Financial Consulting and Financial Analysis, Promotion, Introduction and Issuance Management activities. The Company and its subsidiaries conduct a diversified range of investment and financial services activities with special emphasis on the Arab region in general, the UAE and GCC markets, and are actively involved in public and private capital markets in the region.

Changes to laws and regulations

Implementation of UAE Corporation Tax Law and application of IAS 12 Income Taxes.

On 9 December 2022, the UAE Ministry of Finance released Federal Decree-Law No. 47 of 2022 on the Taxation of Corporations and Businesses (the “Law”) to enact a Federal corporate tax regime in the UAE. Furthermore, on 16 January 2023, a Cabinet Decision was published specifying the threshold of AED 375,000 of taxable income above which taxable entities would be subject to a 9% corporate tax rate.

The Corporate Tax regime will become effective for the accounting year beginning on or after 1 June 2023 hence for the Group it will be effective from 1 January 2024. Management acknowledges that a number of regulations with regards to the application of tax legislation are published and as such management will continue to monitor developments in order to assess the impact of corporate tax including any deferred tax implications on the Group.

2. BASIS OF PREPARATION

2.1 Basis of preparation

These condensed consolidated interim financial information and accompanying notes for the period ended 30 June 2024 have been prepared in accordance with International Accounting Standard (IAS) 34, “Interim Financial Reporting” and comply with the applicable requirements of the laws in the U.A.E. As per the requirements of IAS 34, the condensed consolidated interim financial information does not include all the information required for full annual consolidated financial information and should be read in conjunction with the Group’s annual audited consolidated financial statements as at and for the year ended 31 December 2023 which have been prepared in accordance with International Financial Reporting Standards (IFRS). These condensed consolidated interim financial information of the Group are prepared under the historical cost basis except for certain financial instruments which are measured at fair value. In addition, results for the six months ended 30 June 2024 are neither audited nor are they necessarily indicative of the results that may be expected for the full financial year ending 31 December 2024.

2.2 Going concern

The Group has incurred a loss of AED 126 million (30 June 2023: net income of 9 million) during the six-month period to 30 June 2024 which has resulted in accumulated losses of AED 945 million (31 December 2023: 829 million) as at that date.

In assessing the appropriateness of applying the going concern basis in the preparation of these condensed consolidated interim financial information, the Board of Directors have considered the Group’s operational profitability, liquidity and forecasted cash flows. taking into account reasonably possible outcomes over an extended duration from the date of approval of these condensed consolidated interim financial information.

Further, the Group has AED 814 million of borrowings repayable within the next twelve months from the date of approval of these condensed consolidated interim financial information, including bilateral facilities (“Term Loan”) of AED 208 million due to a bank which was classified as repayable within twelve months as a

2. BASIS OF PREPARATION (continued)

2.2 Going concern (continued)

SHUAA CAPITAL PSC and its subsidiaries

Notes to the condensed consolidated interim financial information for the six months ended 30 June 2024

(Currency - Thousands of U.A.E. Dirhams)

result of unremediated covenant breaches. In reference to the term loan, the Group continues to make repayments on due dates including a scheduled loan amortization payment completed during the six-month period to 30 June 2024. The Group also has a bond repayable of AED 509 million for which the Group has reached an agreement on 19 April 2024 with the bondholders for an amendment and extension for the settlement of the bonds until 31 March 2025.

The Group's management team continues to work towards executing on its plans to issue Mandatory Convertible Bonds ("MCBs") as set out in the approved annual consolidated financial statements of the Group as at 31 December 2023 and subsequently in the approved consolidated interim financial information as at 31 March 2024. Management expects that a minimum of 50% of the outstanding bonds will be converted into equity and the remaining non-converting bondholders will be settled at an 80% discount. The Group intends to raise up to AED 367 million of equity capital which will partially be utilized to repay the non-converting bondholders and expects to conclude the MCB offering before the end of 2024.

3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED BY THE GROUP

The accounting policies adopted in the preparation of this interim condensed consolidated financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2023 except for the adoption of new standards effective as of 1 January 2024 where appropriate. The Group has not adopted any other standard, interpretation or amendment that has been issued that is not yet effective. Several amendments apply for the first time in 2024 and adopted by the Group. These amendments do not have significant impact on the interim condensed consolidated financial information of the Group and therefore further disclosures have not been made.

4. TAXATION

Current income tax

The taxable current liabilities for the current period are measured at expected value payable to the tax authority, using the current tax rates (and tax laws). The tax charged for the period ended 30 June 2024 is Nil as the entities would be forming a tax group for corporate tax purpose and on this basis the current estimates suggests there would be no taxable income during the year at a tax group level.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future. Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the Group's future business plans. Deferred tax assets are reassessed at each reporting date, and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are set-off only if certain conditions are met.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the preparation of the Group's condensed consolidated interim financial information, management has made a number of critical estimates and judgments in a manner consistent with those described in the Group's annual consolidated financial statements for the year ended 31 December 2023.

SHUAA CAPITAL PSC and its subsidiaries

Notes to the condensed consolidated interim financial information

for the six months ended 30 June 2024

(Currency - Thousands of U.A.E. Dirhams)

6. SEGMENTAL INFORMATION

For internal management purposes the Group is organised into three operating segments, all of which are based on business units:

Asset Management manages real estate funds and projects, investment portfolios and funds in the regional equities, fixed income and credit markets. It also provides investment solutions to clients with a focus on alternative investment strategies.

Investment banking provides corporate finance advisory, transaction services, private placement, public offerings of equity and debt securities and structured products. It also creates market liquidity on OTC fixed income products.

Corporate manages principal investments, non-core assets, corporate developments, treasury and other shared services related to the Group.

	1 January to 30 June 2024 (Unaudited) *			
	Asset	Investment	Corporate	Total
	Management	Banking		
Management Fee and performance fees	43,656	-	567	44,223
Advisory income	-	386	-	386
Trading and custody	-	4,350	626	4,976
Others	-	-	526	526
	----	----	----	----
Total revenues	43,656	4,736	1,719	50,111
	----	----	----	----
General and administrative expenses	(33,326)	(8,354)	(6,631)	(48,311)
Depreciation and amortisation	(2,671)	(2,321)	(52)	(5,044)
Fee and commission expense	(1,578)	-	(482)	(2,060)
	----	----	----	----
Total expenses	(37,575)	(10,675)	(7,165)	(55,415)
	----	----	----	----
Profit/(loss) before finance costs and other items	6,081	(5,939)	(5,446)	(5,304)
	----	----	----	----
Finance cost	(3,895)	(1,522)	(30,408)	(35,825)
Net foreign exchange (loss)/gain	(13)	(2)	1,553	1,538
Provision for impairment losses on financial assets	-	(184)	(3,305)	(3,489)
Interest income	-	-	481	481
Other Income/(expense)	(128)	1,036	8,693	9,601
Change in fair value loss from financial assets at fair value through profit or loss (FVTPL)	28,849	-	(61,463)	(32,614)
Share of loss from investments in associates	-	-	(61,213)	(61,213)
	----	----	----	----
Profit/(loss) for the period before tax	30,894	(6,611)	(151,108)	(126,825)
Income tax credit for the period	-	-	1,213	1,213
	----	----	----	----
Profit/(loss) for the period after tax	30,894	(6,611)	(149,895)	(125,612)
Profit for the period attributable to NCI	608	-	8,327	8,935
	----	----	----	----
Profit/(loss) for the period attributable to Owners	31,502	(6,611)	(141,568)	(116,677)
	=====	=====	=====	=====

* Refer to Note 23 for changes to the presentation of the Segmental Information

Revenue generated from external customers (fee & commission)	43,656	2,496	1,375	47,527
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	At 30 June 2024 (Unaudited)			
	Asset	Investment	Corporate	Total
	Management	Banking		
Assets	431,341	293,122	650,579	1,375,042
	=====	=====	=====	=====
Liabilities	186,370	71,127	914,301	1,171,798
	=====	=====	=====	=====

SHUAA CAPITAL PSC and its subsidiaries

Notes to the condensed consolidated interim financial information

for the six months ended 30 June 2024

(Currency - Thousands of U.A.E. Dirhams)

6. SEGMENTAL INFORMATION (continued)

	<i>1 January to 30 June 2023 (Unaudited) *</i>			
	<i>Asset Management</i>	<i>Investment Banking</i>	<i>Corporate</i>	<i>Total</i>
Management Fee and performance fees	84,278	-	(1,213)	83,065
Advisory income	-	1,965	-	1,965
Trading and custody	-	7,561	689	8,250
Other operating income	2,111	-	2,065	4,176
Total revenues	86,389	9,526	1,541	97,456
General and administrative expenses	(34,911)	(11,590)	(2,847)	(49,348)
Depreciation and amortisation	(3,274)	(3,044)	(56)	(6,374)
Fee and commission expense	(813)	-	-	(813)
Total expenses	(38,998)	(14,634)	(2,903)	(56,535)
Profit/(loss) before finance costs and other items	47,391	(5,108)	(1,362)	40,921
Finance cost	(3,958)	(867)	(28,839)	(33,664)
Net foreign exchange (loss)/gain	143	18	(7,823)	(7,662)
Provision for impairment losses on financial assets	-	-	(71)	(71)
Other Income/(expense)	3,380	2,411	39,621	45,412
Change in fair value loss from financial assets at fair value through profit or loss (FVTPL)	-	-	(37,283)	(37,283)
Loss on derivative financial liability	-	-	(124)	(124)
Share of loss from investments in associates	(799)	-	2,287	1,488
Profit/(loss) for the period before tax	46,157	(3,546)	(33,594)	9,017
Income tax credit for the period	-	-	-	-
Profit/(loss) for the period after tax	46,157	(3,546)	(33,594)	9,017
Profit for the period attributable to NCI	(9,298)	-	20,315	11,017
Profit/(loss) for the period attributable to Owners	36,859	(3,546)	(13,279)	20,034
Revenue from external customers (fee & commission)	84,278	1,711	(490)	85,499

	<i>At 31 December 2023 (Audited)</i>			
	<i>Asset Management</i>	<i>Investment Banking</i>	<i>Corporate</i>	<i>Total</i>
Assets	526,647	330,007	864,846	1,721,500
Liabilities	123,745	21,975	1,226,069	1,371,789

	6 months to 30 June 2024 Unaudited	6 months to 30 Jun 2023 Unaudited
Revenues		
Total revenue from reportable segments	50,111	97,456
Profit before tax		
Total profit before tax from reportable segments	(126,825)	9,017

SHUAA CAPITAL PSC and its subsidiaries

Notes to the condensed consolidated interim financial information

for the six months ended 30 June 2024

(Currency - Thousands of U.A.E. Dirhams)

7. OTHER INCOME/(EXPENSE)

	3 months to 30 June 2024 <i>Unaudited</i>	3 months to 30 June 2023 <i>Unaudited</i>	6 months to 30 June 2024 <i>Unaudited</i>	6 months to 30 June 2023 <i>Unaudited</i>
Loss on disposal of associate	(1,664)	(346)	(4,806)	(28,323)
Impact of loan settlement	-	41,856	-	41,856
Others (7.1)	3,901	10,593	14,407	31,879
	<u>2,237</u>	<u>52,103</u>	<u>9,601</u>	<u>45,412</u>

7.1 In the current quarter, the Group has written off its limited partnership stake worth 170,548 and written back the associated liabilities worth 163,798 related to an investment made by the Group.

8. CASH AND CASH EQUIVALENTS

	30 June 2024 <i>Unaudited</i>	31 December 2023 <i>Audited</i>
Cash in hand	124	110
Balances held with banks	22,767	27,233
	<u>22,891</u>	<u>27,343</u>
Cash and deposits with banks	22,891	27,343
Less: Restricted deposits	(1,250)	(1,250)
	<u>21,641</u>	<u>26,093</u>

9. RECEIVABLES AND OTHER DEBIT BALANCES

	30 June 2024 <i>Unaudited</i>	31 December 2023 <i>Audited</i>
Trade receivables – net of loss allowance (9.1)	39,055	32,593
Receivables from managed funds	7,852	7,852
Advances and deposits	3,592	4,180
Prepayments	7,176	5,775
Accrued income	26,158	26,372
Others (9.2)	83,319	74,636
	<u>167,152</u>	<u>151,408</u>
Trade receivables and managed funds – net of loss allowance		
Trade receivables and managed funds	106,257	96,306
Loss allowance	(59,350)	(55,861)
	<u>46,907</u>	<u>40,445</u>

9.1 Included in trade receivables is an amount of 496 (30 June 2023: 11,384) due from related parties (Note 18).

9.2 This includes 42,166 (31 December 2023: 42,166) receivable from the disposal of a subsidiary in 2022 and 41,000 (31 December 2023: Nil) receivable from exiting a fund investment in 2024.

10. LOANS, ADVANCES AND FINANCE LEASES

During the six-month period ended 30 June 2024, no charge (six-month period ended 30 June 2023: 72) was made against expected credit losses on loans given by the group.

As at 30 June 2024, the underlying collateral for loans, advances and finance leases were valued at 285,417 (31 December 2023: 285,417).

SHUAA CAPITAL PSC and its subsidiaries

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11. INVESTMENTS IN ASSOCIATES

	30 June 2024 <i>Unaudited</i>	31 December 2023 <i>Audited</i>
Opening balance	529,038	947,599
Share of (loss)/profit of associates	(61,213)	(136,158)
Dividends and other distributions	(2,179)	(11,438)
Disposal	(10,584)	(130,579)
Share of buy back of treasury shares of associate	-	(12,977)
Impairment	-	(3,000)
Loan settlement	-	(124,409)
	-----	-----
Closing balance	455,062	529,038

The below table highlights the geographical allocation of associates:

	30 June 2024 <i>Unaudited</i>	31 December 2023 <i>Audited</i>
UAE	455,062	529,038
	-----	-----
	455,062	529,038

12. GOODWILL AND OTHER INTANGIBLE ASSETS

	<i>Goodwill</i>	<i>Trademark</i>	<i>Customer Relationships</i>	<i>Trade Licenses</i>	<i>Total</i>
Cost					
Balance at beginning of the period	517,999	7,993	34,249	7,607	567,848
Impact of foreign currency translation	(1,948)	-	-	-	(1,948)
Balance at end of the period	516,051	7,993	34,249	7,607	565,900
	-----	-----	-----	-----	-----
Accumulated amortisation					
Balance at beginning of the period	-	2,005	24,398	7	26,410
Charge for the period	-	241	617	-	858
Balance at end of the period	-	2,246	25,015	7	27,268
	-----	-----	-----	-----	-----
Net book value at 30 June 2024 (Unaudited)	516,051	5,747	9,234	7,600	538,632
	-----	-----	-----	-----	-----
Net book value at 31 December 2023 (Audited)	517,999	5,988	9,851	7,600	541,438
	-----	-----	-----	-----	-----

During the six months period to 30 June 2024, the Group did not identify any significant changes in the estimation, assumptions (excluding cashflows of cash generating units) or the sensitivities used for the impairment assessment performed at 31 December 2023 and which were disclosed in the financial statements for the year ended 31 December 2023 (31 December 2023: the Group recognized an impairment of AED 365 million in respect of Group's revised real estate CGU strategy which now focuses primarily on the UAE real estate market as opposed to the UK real estate market.).

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13. PAYABLES AND OTHER CREDIT BALANCES

	30 June 2024 <i>Unaudited</i>	31 December 2023 <i>Audited</i>
Payable to clients	2,875	3,342
Customer deposits	9,715	9,763
Accruals	34,683	42,601
Lease liabilities	21,431	22,184
Payables against acquisition (Note 7.1)	15,798	181,487
FVTPL liabilities	14,282	18,399
Realised carried interest payable to employees	-	10,664
End of service benefits	6,908	10,543
Provisions	374	371
Deferred revenue	1,729	1,908
Deferred Tax Liability	39,640	40,854
Other payables	32,781	29,545
	<u>180,216</u>	<u>371,661</u>

The maturity profile of payables and other credit balances at the end of the reporting period is as follows:

	30 June 2024 <i>Unaudited</i>	31 December 2023 <i>Audited</i>
Repayable within twelve months	112,239	280,498
Repayable after twelve months	67,977	91,163
	<u>180,216</u>	<u>371,661</u>

14. BORROWINGS

	30 June 2024 <i>Unaudited</i>	31 December 2023 <i>Audited</i>
Secured		
Due to banks	207,685	230,969
Due to other financial institutions (Note 14.1)	29,879	29,881
Others	65,851	64,986
	<u>303,415</u>	<u>325,836</u>
Unsecured		
Due to banks	18,316	28,378
Bonds and Sukuk payable (Note 14.2)	527,888	508,758
	<u>546,204</u>	<u>537,136</u>
	<u>849,619</u>	<u>862,972</u>

14.1 These include borrowings amounting to 29,879 (31 December 2023: 29,881) due to related parties with an interest rate of 8% p.a. (2023: 8% p.a.).

14.2 Finance cost includes interest of 10,520 for the reviewed period (30 June 2023: 10,445) on the Bonds and Sukuk payable.

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14. BORROWINGS (continued)

The maturity profile of borrowings at the end of the reporting period is as follows:

	30 June 2024 Unaudited	31 December 2023 Audited
Secured		
Repayable within twelve months	303,415	325,836
Repayable after twelve months	-	-
	<u>303,415</u>	<u>325,836</u>
Unsecured		
Repayable within twelve months	511,004	496,041
Repayable after twelve months	35,200	41,095
	<u>849,619</u>	<u>862,972</u>

15. SHARE CAPITAL

	Number of shares (in '000s)	Value
30 June 2024 (Unaudited)	<u>2,535,720</u>	<u>2,535,720</u>
31 December 2023 (Audited)	<u>2,535,720</u>	<u>2,535,720</u>

Authorised, issued and fully paid share capital comprises 2,535,720,000 shares (31 December 2023: 2,535,720,000 shares) of AED 1 per share (31 December 2023: AED 1 per share). Each share carries one vote and the right to receive dividends.

16. OTHER RESERVES

	Merger reserve (16.1)	Investment revaluation reserve	Cash flow hedge reserve	Translation reserve	Total
At 1 January 2024	(1,410,720)	(65,190)	11,345	(571)	(1,465,136)
Cash flow hedge	-	171	(8,458)	-	(8,287)
Translation of operations of foreign subsidiaries	-	-	-	(12,568)	(12,568)
NCI share	-	-	-	3,053	3,053
	<u>(1,410,720)</u>	<u>(65,019)</u>	<u>2,887</u>	<u>(10,086)</u>	<u>(1,482,938)</u>
At 30 June 2024 (Unaudited)	<u>(1,410,720)</u>	<u>(65,019)</u>	<u>2,887</u>	<u>(10,086)</u>	<u>(1,482,938)</u>
At 31 December 2023 (Audited)	<u>(1,410,720)</u>	<u>(65,190)</u>	<u>11,345</u>	<u>(571)</u>	<u>(1,465,136)</u>

16.1 Merger reserve represents the excess value of the consideration paid by the legal acquirer (SHUAA) over the nominal value of the pre-merger share capital of the legal acquiree (ADFG).

SHUAA CAPITAL PSC and its subsidiaries

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17. EARNINGS PER SHARE

Basic earnings per share has been computed by dividing the net profit attributable to the Owners with the weighted average number of ordinary shares outstanding.

	3 months to 30 June 2024 Unaudited	<i>3 months to 30 June 2023 Unaudited</i>	6 months to 30 June 2024 Unaudited	<i>6 months to 30 June 2023 Unaudited</i>
(Loss)/profit attributable to the Owners after tax	(29,480) ---	5,321 ---	(116,677) ---	20,034 ---
Weighted average number of ordinary shares (thousands)	2,535,720 ---	2,535,720 ---	2,535,720 ---	2,535,720 ---
Earnings per share attributable to the Owners (in AED)	(0.01) ==	0.002 ==	(0.05) ==	0.01 ==

Diluted earnings per share as of 30 June 2024 and 30 June 2023 are equivalent to basic earnings per share.

18. RELATED PARTY TRANSACTIONS AND BALANCES

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 Group conducts its transactions with related parties on arm's length terms, with any exceptions to be specifically approved by the Board. In all cases, transactions with related parties are required to be conducted in compliance with all relevant laws and regulations. Where a Board member has an actual or perceived conflict of interest over an issue to be considered by the Board, the interested member may not vote on any relevant resolutions and can also be asked by the Chairman not to participate in the relevant Board discussions.

The nature of significant related party transactions and the amounts due to/from related parties were as follows:

	30 June 2024 Unaudited	<i>31 December 2023 Audited</i>
Receivables and other debit balances		
Associates	496 ==	487 ==
Borrowings		
Associates	29,879 ==	29,881 ==
Other financial liabilities		
Associates	12,564 ==	12,114 ==
Other related parties	27,853 ==	26,857 ==

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19. FINANCIAL INSTRUMENTS

19.1 Fair value of financial instruments

Fair value measurement of financial assets at FVTPL and FVTOCI

Fair values for the Group's financial assets at FVTPL and FVTOCI (level 3) are measured using market or income approaches.

Considerable judgment may be required in developing estimates of fair value, particularly for financial instruments classified as Level 3 in the fair value hierarchy as such estimates incorporate market unobservable inputs that require management to use its own assumptions.

The uncertainty in those assumptions have been incorporated into the Group's valuations of Level 3 financial instruments primarily through updated cash flows and discount rates, as applicable. Additional volatility in the fair values of Level 3 financial instruments may arise in future periods if actual results differ materially from the Group's estimates.

The Group's valuation techniques for Level 3 financial instruments remained unchanged during the six months ended 30 June 2024.

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.
- 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 and liabilities recorded at fair value by level of the fair value hierarchy:

Financial Assets	30 June 2024 (Unaudited)			Total
	Level 1	Level 2	Level 3	
FVTPL				
Equity investments	1,003	-	18,019	19,022
Fixed income investments	17,359	3,528	-	20,887
Fund investments	-	2,955	29,520	32,475
FVTOCI				
Fund investments	-	-	562	562
	<u>18,362</u>	<u>6,483</u>	<u>48,101</u>	<u>72,946</u>
Financial Liabilities				
FVTPL	14,282	-	-	14,282
	<u>14,282</u>	<u>-</u>	<u>-</u>	<u>14,282</u>

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19. FINANCIAL INSTRUMENTS (continued)

19.1 Fair value of financial instruments (continued)

	31 December 2023 (Audited)			Total
	Level 1	Level 2	Level 3	
Financial Assets				
FVTPL				
-Equity investments	970	-	16,642	17,612
-Fixed income investments	28,486	16,602	-	45,088
-Fund investments	-	2,955	271,596	274,551
FVTOCI				
-Fund investments	-	-	562	562
	<u>29,456</u>	<u>19,557</u>	<u>288,800</u>	<u>337,813</u>
Financial Liabilities				
FVTPL	18,399	-	-	18,399
	<u>18,399</u>	<u>-</u>	<u>-</u>	<u>18,399</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.

At fair value through profit or loss:

Investments carried at FVTPL 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, net asset values and market liquidity discounts. Investments classified as FVTPL falling under level 2 category have been valued using Net Asset Value and adjusted quoted prices in respect of investments under inactive markets.

At fair value through other comprehensive income:

Financial assets carried at FVTOCI are valued using quoted prices in active markets, valuation techniques or pricing models and consist of quoted 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.

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19. FINANCIAL INSTRUMENTS (continued)

19.1 Fair value of financial instruments (continued)

The following table shows the impact on the fair value of level 3 instruments reflecting change in underlying assumptions used in the valuation by class of instrument.

Financial assets	Fair value as at 30/12/23	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Effect of changes in underlying assumptions		Sensitivity analysis	Relationship of unobservable inputs to fair value
					2024	2023		
FVTPL								
Equity investments	18,019	16,642	3	NAV ²	Net asset value	+/- 901	+/- 832	± 5% change in NAV, impacts fair value The higher the discount rate, the lower the fair value
Fund investments	29,520	271,596	3	Discounted cash flow ¹ and NAV ²	Net asset value adjusted with market risk	+/- 1,476	+/- 13,580	± 5% change in NAV and 1% change in discount rate, impacts fair value The higher the market risk, the lower the fair value and the higher the discount rate, the lower the fair value
FVTOCI								
Fund investments	562	562	3	NAV ²	Net asset value	+/- 28	+/- 28	± 5% change in NAV, impacts fair value The higher the market risk, the lower the fair value

Significant unobservable inputs in Level 3 instruments valuations

¹Discounted cash flow models are used to fair value fund investments. A significant portion of the fund investments relates to a UK based real estate development fund that uses market comparable and discounted cashflow model to determine its fair value, of which the key assumptions relate to timing of future cash inflows/outflows and discount rate. For the remaining assets recognized under fund investments, the cash flow model includes assumptions related to future cash inflows/outflows, discount rate and growth rate. The extent of the adjustment varied according to the characteristics of each investment.

²Net asset value represents the estimated value of a security based on valuations received from the investment or fund manager. The NAV is based on the fair value of the underlying investments and other assets and liabilities. The valuation of certain private equity securities is based on the economic benefit we derive from our investment.

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20. FINANCIAL RISK MANAGEMENT

Introduction

The inherent risk relating to the Group's activities is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The Group is exposed to credit risk, liquidity risk, market risk (comprising, interest rate risk, foreign exchange risk and equity price risk) and operational risk.

Risk management structure

The Board of Directors is ultimately responsible for identifying and controlling risk relating to the Group's activities and recognises the importance of managing risk in line with shareholder risk appetite.

Authority to set Group-wide rules to manage credit, liquidity and market risk are delegated to the Governance Committees of the Group and to each subsidiary. However, enterprise-wide risk is monitored by the Group Management Committees which ensures that Group rules are adhered to.

Liquidity risk & risk management

Liquidity risk is the risk that it will be unable to meet its funding requirements and arises principally on the Group's borrowings, payables and other credit balances and other financial liabilities. To limit this risk, management has arranged diversified funding sources, managed assets with liquidity in mind and monitored liquidity daily.

In addition, the Group has strengthened its liquidity buffer through working capital management and fund-raising initiatives. The Group believes that the current cash and cash equivalents provide sufficient level of liquidity and stability during this time of uncertainty.

The Group's approach aims to always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses and without materially affecting the return on capital. The Risk & Governance Committee of the Board ("RGC") and Asset Liabilities Committee ("ALCO") set minimum liquidity ratios and cash balance requirements which are then approved by the Board. The Group collates the projected cash flow and liquidity profiles of its financial assets and financial liabilities. It maintains a portfolio of short-term liquid assets to cover requirements, largely consisting of short-term liquid placements with financial institutions.

The various liquidity monitoring metrics are monitored by both the RCB and ALCO against internally set limits which have been approved by the Board. The primary measures of liquidity used by the Group are stock of liquid assets, liquidity coverage ratio and net funding requirement. The oversight of the liquidity risk by the Board, RCB and ALCO also includes the monitoring of the Group's compliance with the debt covenants.

21. COMMITMENTS AND CONTINGENT LIABILITIES

	<i>30 June 2024</i> <i>Unaudited</i>	<i>31 December 2023</i> <i>Audited</i>
Contingent liabilities	515	524

At 30 June 2024, the Group had capital commitments of Nil (31 December 2023: Nil) with respect to project development.

22. SUBSEQUENT EVENT

There have been no events subsequent to the reporting date that would significantly affect the amounts reported in the financial statements as at and for the quarter ended 30 June 2024 except the following:

The Company's shares have resumed trading on the Dubai Financial Markets ("DFM") since 16 July 2024 post disclosure of the Q1 2024 condensed consolidated financial information.

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23. CHANGES IN THE PRESENTATION OF STATEMENT OF PROFIT OR LOSS

During the three-month period ended 30 June 2024, the Group revised the presentation of the condensed consolidated interim statement of profit or loss to better reflect its business operations. This update does not affect any previously disclosed or published results, nor have any material reclassification or effect in the condensed consolidated interim financial statements.

The segmental reporting presentation as per Note 6 is consistent with the prior period presentation of the condensed consolidated interim statement of profit or loss (except for net fee and commission income, advisory income, trading income and other operating income which are presented net on the face of the primary statement).