

**Sharjah Group Company P.S.C.
and its Subsidiary**

Interim Condensed Consolidated
Financial Information (Unaudited)
For the period ended June 30, 2018

Sharjah Group Company P.S.C. and its Subsidiary
Interim Condensed Consolidated Financial Information (Unaudited)
For the period ended June 30, 2018

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Report on review of interim condensed consolidated financial information to the Shareholders of Sharjah Group Company P.S.C

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Sharjah Group Company P.S.C. (“the Company”) and its Subsidiary (“the Group”) as at June 30, 2018 and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three months and six months periods then ended and the related interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six months period then ended, and explanatory notes. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with IAS 34 *Interim Financial Reporting* (“IAS 34”). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information are not prepared, in all material respects, in accordance with IAS 34.



GRANT THORNTON

Osama El Bakry
Registration No. 935
Sharjah, United Arab Emirates



July 18, 2018

Sharjah Group Company P.S.C. and its Subsidiary
Interim Condensed Consolidated Financial Information

Interim condensed consolidated statement of financial position
As at June 30, 2018

	Notes	June 30, 2018 (Unaudited) AED	December 31, 2017 (Audited) AED
ASSETS			
Non-current assets			
Property and equipment		218,618	225,791
Investment properties	3	247,668,604	247,122,700
Investments at fair value through other comprehensive income	4	15,118,518	19,443,092
		<u>263,005,740</u>	<u>266,791,583</u>
Current assets			
Investments at fair value through profit or loss	5	2,699,172	2,534,486
Trade and other receivables		1,774,637	1,294,105
Cash and bank balances		1,563,525	7,261,895
		<u>6,037,334</u>	<u>11,090,486</u>
TOTAL ASSETS		<u>269,043,074</u>	<u>277,882,069</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		78,901,086	78,901,086
Statutory reserve		31,774,685	31,774,685
Voluntary reserve		12,093,743	12,093,743
Fair value reserve		(2,899,482)	1,362,515
Foreign currency translation reserve		(537,825)	(466,213)
Retained Earnings		55,588,453	60,377,461
Total equity		<u>174,920,660</u>	<u>184,043,277</u>
Non-current liabilities			
Employees' end of service benefits		1,013,717	938,320
Current liabilities			
Trade and other payables	6	63,468,763	62,963,782
Dividends payable		29,639,934	29,936,690
		<u>93,108,697</u>	<u>92,900,472</u>
Total liabilities		<u>94,122,414</u>	<u>93,838,792</u>
TOTAL EQUITY AND LIABILITIES		<u>269,043,074</u>	<u>277,882,069</u>

This interim condensed consolidated financial information was approved and authorized for issue by the Board of Directors on July 18, 2018 and were signed on their behalf by:


 Mr. Ziyad Mahmoud Khairullah Al-Haji
 Chairman


 Mr. Mohammed Al Wazzan
 Managing Director

The accompanying notes from 1 to 11 form an integral part of this interim condensed consolidated financial information.

Sharjah Group Company P.S.C. and its Subsidiary
Interim Condensed Consolidated Financial Information

Interim condensed consolidated statement of profit or loss
and other comprehensive income
For the period ended June 30, 2018 (Unaudited)

	Notes	Three months period ended June 30, 2018 AED	Three months period ended June 30, 2017 AED	Six months period ended June 30, 2018 AED	Six months period ended June 30, 2017 AED
Rental income		3,435,451	3,874,678	7,199,657	7,692,386
Dividend income		61,055	67,410	61,055	67,410
Unrealised loss on investments at fair value through profit or loss		59,678	(336,398)	(328,795)	(149,645)
Realized gain on sale of investment at fair value through profit or loss		1,006	-	1,006	-
General and administrative expenses	7	(1,717,216)	(1,417,591)	(3,108,488)	(2,764,771)
Repairs and maintenance expenses		(368,103)	(356,449)	(739,377)	(695,626)
Provision for claims and settlement		(371,076)	(371,076)	(742,152)	(742,152)
Impairment loss		-	(85,503)	-	(138,859)
Other income		24,573	34,855	55,174	86,977
PROFIT FOR THE PERIOD		1,125,368	1,409,926	2,398,080	3,355,720
Other comprehensive income					
<i>Items that will never be reclassified to profit or loss in subsequent periods</i>					
Changes in fair value of investment at fair value through other comprehensive income		(838,426)	(859,517)	(4,261,997)	(1,905,378)
<i>Items that are or may be reclassified to profit or loss in subsequent periods</i>					
Foreign currency translation reserve		(181,205)	116,550	(71,612)	199,417
Other comprehensive income		(1,019,631)	(742,967)	(4,333,609)	(1,705,961)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		105,737	666,959	(1,935,529)	1,649,759
Basic and diluted earnings per share	10	0.0143	0.0179	0.0304	0.0425

The accompanying notes from 1 to 11 form an integral part of this interim condensed consolidated financial information.

Sharjah Group Company P.S.C and its Subsidiary
Interim Condensed Consolidated Financial Information

Interim condensed consolidated statement of changes in equity
For the period ended June 30, 2018 (Unaudited)

	Share capital AED	Statutory reserve AED	Voluntary reserve AED	Fair value reserve AED	Foreign currency translation reserve AED	Retained earnings AED	Total AED
Balance at January 1, 2018	78,901,086	31,774,685	12,093,743	1,362,515	(466,213)	60,377,461	184,043,277
Profit for the period	-	-	-	-	-	2,398,080	2,398,080
Other comprehensive loss for the period	-	-	-	(4,261,997)	(71,612)	-	(4,333,609)
Total comprehensive loss for the period	-	-	-	(4,261,997)	(71,612)	2,398,080	(1,935,529)
Board of Directors' remuneration (Note 9)	-	-	-	-	-	(875,000)	(875,000)
Dividends declared	-	-	-	-	-	(6,312,088)	(6,312,088)
Balance at June 30, 2018	78,901,086	31,774,685	12,093,743	(2,899,482)	(537,825)	55,588,453	174,920,660

	Share capital AED	Statutory reserve AED	Voluntary reserve AED	Fair value reserve AED	Foreign currency translation reserve AED	Retained earnings AED	Total AED
Balance at January 1, 2017	78,901,086	29,777,838	10,096,897	3,926,407	(731,814)	49,208,609	171,179,023
Profit for the period	-	-	-	-	-	3,355,720	3,355,720
Other comprehensive loss for the period	-	-	-	(1,905,378)	199,417	-	(1,705,961)
Total comprehensive income for the period	-	-	-	(1,905,378)	199,417	3,355,720	1,649,759
Board of Directors' remuneration (Note 9)	-	-	-	-	-	(840,000)	(840,000)
Dividends declared	-	-	-	-	-	(3,156,042)	(3,156,042)
Balance at June 30, 2017	78,901,086	29,777,838	10,096,897	2,021,029	(532,397)	48,568,287	168,832,740

The accompanying notes from 1 to 11 form an integral part of this interim condensed consolidated financial information.

Sharjah Group Company P.S.C and its Subsidiary
Interim Condensed Consolidated Financial Information

Interim condensed consolidated statement of cash flows
For the period ended June 30, 2018 (Unaudited)

	Notes	Six months period ended June 30, 2018 AED	Six months period ended June 30, 2017 AED
OPERATING ACTIVITIES			
Profit for the period		2,398,080	3,355,720
<i>Adjustments to reconcile profit to net cash flows:</i>			
Provision for claims and settlement		742,152	742,152
Unrealised loss on investments classified at fair value through profit or loss		328,795	149,645
Provision for doubtful accounts		91,563	76,088
Provision for employee's end of service benefits		80,447	73,194
Depreciation on property and equipment		32,104	68,924
Realized gain on sale of investment classified at fair value through profit or loss		(1,006)	-
Impairment loss		-	138,859
		<u>3,672,135</u>	<u>4,604,582</u>
<i>Changes in working capital</i>			
Trade and other receivables		(572,095)	(353,263)
Trade and other payables		(235,658)	(665,891)
Cash from operations		<u>2,864,382</u>	<u>3,585,428</u>
Employee's end of service benefits paid		(5,050)	-
Net cash flow from operating activities		<u>2,859,332</u>	<u>3,585,428</u>
INVESTING ACTIVITIES			
Addition of investment property	3	(545,904)	(172,880)
Purchase of investments at fair value through profit of loss	5	(514,850)	-
Purchase of property and equipment		(24,931)	(95,040)
Proceeds from sale of investment at fair value through profit of loss		13,196	-
Net cash flow used in investing activities		<u>(1,072,489)</u>	<u>(267,920)</u>
FINANCING ACTIVITIES			
Dividends paid		(6,608,844)	(3,526,789)
Board remuneration paid		(875,000)	-
Net cash flow used in financing activities		<u>(7,483,844)</u>	<u>(3,526,789)</u>
Net change in cash and bank balances		(5,697,001)	(209,281)
Exchange differences on translating foreign operations		(1,369)	1,164
Cash and bank balances, beginning of period		7,261,895	3,626,148
Cash and bank balances, end of period		<u>1,563,525</u>	<u>3,418,030</u>

The accompanying notes from 1 to 11 form an integral part of this interim condensed consolidated financial information.

Sharjah Group Company P.S.C and its Subsidiary

Interim Condensed Consolidated Financial Information

Notes to the interim condensed consolidated financial information

For the period ended June 30, 2018

1 Legal status and principal activities

Sharjah Group Company P.S.C. ("the Company") is a public share holding company, registered in the Emirate of Sharjah, United Arab Emirates under Emiri Decree number 133/76 dated 16 November 1976. The registered office of the Company is P O. Box 5440, Sharjah, United Arab Emirates. The shares of the Company are traded on the Abu Dhabi Securities Market.

The Company holds investment in following entity as at June 30, 2018 which has been consolidated in these interim condensed financial information:

Name of subsidiary	Ownership interest		Country of operation and incorporation	Principal activity
	2018	2017		
Tarfan General Trading and Contracting (Ebrahim Ahmed Al-Mannaai and Partners) W.L.L	100%	100%	State of Kuwait	General trading and Contracting – purchase and sale of shares and bonds for Subsidiary's sake.

The Subsidiary is a limited liability company incorporated in Kuwait. Two individuals own total 2% of the subsidiary's share capital as for and on behalf of the Company; therefore no, non-controlling interest has been disclosed.

The principal activities of the Company and its Subsidiary (the "Group") comprise investing in financial instruments, real estate, industrial projects and leasing of properties.

2 Summary of significant accounting policies

a) Basis of preparation

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standards 34: Interim Financial Reporting, and does not include all of the information required in annual financial statements in accordance with International Financial Reporting Standard (IFRS), and should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2017.

The interim condensed consolidated financial information has been prepared under the historical cost convention except for investment properties, investments at fair value through profit or loss, investments at fair value through other comprehensive income which are stated at fair value.

Accounting policies, related adjustments, estimates and assumptions adopted for the preparation of this interim condensed consolidated financial information are the same as those applied in the preparation of the audited consolidated financial statements for the year ended December 31, 2017, except for new standards, interpretations and amendments mandatorily effective for the first time as of January 1, 2018 [refer note 2(d)].

b) Functional and presentation currency

The interim condensed consolidated financial information has been prepared in Arab Emirates Dirham (AED), the functional currency of the Group.

The subsidiary determines its own financial currency and its assets and liabilities have been translated into AED at the closing rate at the reporting date. Income and expenses have been translated into the Group's presentation currency at the average rate over the reporting period. Exchange differences are charged/credited to statement of other comprehensive income

Sharjah Group Company P.S.C and its Subsidiary
Interim Condensed Consolidated Financial Information

Notes to the interim condensed consolidated financial information (continued)
For the period ended June 30, 2018

2 Summary of significant accounting policies (continued)

c) Basis of consolidation

The interim condensed consolidated financial information consolidates the un-audited financial information of the subsidiary referred to in Note 1, on a line-by-line basis, with un-audited financial information of the Company for the period. All significant inter-group investments, receivables, payables and other such transactions are eliminated on consolidation.

d) Standards, interpretations and amendments to existing standards that are effective in 2018

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended December 31, 2017. The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending December 31, 2018.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a single comprehensive five-step model for entities to use in accounting for revenue arising from contracts with customers. It superseded the following revenue Standards and Interpretations.

- IAS 18 *Revenue*;
- IAS 11 *Construction Contracts*;
- IFRIC 13 *Customer Loyalty Programmes*;
- IFRIC 15 *Agreements for the Construction of Real Estate*;
- IFRIC 18 *Transfers of Assets from Customers*; and
- SIC 31 *Revenue-Barter Transactions Involving Advertising Services*.

The five steps in the model are as follows:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group has initially adopted IFRS 15 Revenue from Contracts with Customers. IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. January 1, 2018). Accordingly, the information presented for 2017 has not been restated.

e) Standards, interpretations and amendments to existing standards that are not yet effective and have not been adopted early by the Group

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Sharjah Group Company P.S.C and its Subsidiary
Interim Condensed Consolidated Financial Information

Notes to the interim condensed consolidated financial information (continued)
For the period ended June 30, 2018

2 Summary of significant accounting policies

f) Significant judgement and estimates

The preparation of interim condensed consolidated financial information requires management to make judgement, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied in preparing to the Group's consolidated statements for the year ended December 31, 2017.

3 Investment properties

	June 30, 2018 AED (Unaudited)	December 31, 2017 AED (Audited)
Balance at January 1,	247,122,700	235,755,320
Additions during the period/year	545,904	258,550
Unrealized gain on revaluation of investment properties at fair value	-	11,108,830
	<u>247,668,604</u>	<u>247,122,700</u>

Investment properties consist of residential buildings and warehouses. It also includes undeveloped parcels of land.

Fair value

Investment properties are stated at market value based on a valuation carried out by an independent external valuer as at December 31, 2017.

The fair values have been determined by taking into consideration the discounted estimated net cash flows, the current lease arrangements, which are entered into on an arm's length basis. Furthermore, fair values have also been determined, where relevant, having regard to recent market transactions for similar properties in the same locations as the Group's investment properties.

4 Investments at fair value through other comprehensive income

	June 30, 2018 (Unaudited) AED	December 31, 2017 (Audited) AED
Quoted investments	12,872,447	17,187,725
Unquoted investments	2,246,071	2,255,367
	<u>15,118,518</u>	<u>19,443,092</u>

Sharjah Group Company P.S.C and its Subsidiary
Interim Condensed Consolidated Financial Information

Notes to the interim condensed consolidated financial information (continued)
For the period ended June 30, 2018

4 Investments at fair value through other comprehensive income (continued)

The movement in investments classified at fair value through other comprehensive income is as follows:

	June 30, 2018 (Unaudited) AED	December 31, 2017 (Audited) AED
Balance at January 1,	19,443,092	21,833,301
Changes in fair value	(4,261,997)	(2,585,594)
Sale of investment	-	(41,846)
Translation reserve	(62,577)	237,231
	<u>15,118,518</u>	<u>19,443,092</u>

5 Investments classified at fair value through profit or loss

	June 30, 2018 (Unaudited) AED	December 31, 2017 (Audited) AED
Quoted investments	2,622,862	2,457,861
Unquoted investments	76,310	76,625
	<u>2,699,172</u>	<u>2,534,486</u>

The movement in investments classified at fair value through profit and loss is as follows:

	June 30, 2018 (Unaudited) AED	December 31, 2017 (Audited) AED
Balance at January 1,	2,534,486	2,267,872
Purchased during the period	514,850	-
Sold during the period	(12,190)	-
Change in fair value	(328,795)	242,721
Translation reserve	(9,179)	23,893
	<u>2,699,172</u>	<u>2,534,486</u>

Sharjah Group Company P.S.C and its Subsidiary
Interim Condensed Consolidated Financial Information

Notes to the interim condensed consolidated financial information (continued)
For the period ended June 30, 2018

6 Trade and other payables

	June 30, 2018 (Unaudited) AED	December 31, 2017 (Audited) AED
Trade payables	553,230	741,808
Provision for claims and other legal expenses	59,796,255	59,054,103
Rental income received in advance	1,817,608	1,741,951
Refundable deposits	916,400	956,028
Accrued expenses	385,270	469,892
	<u>63,468,763</u>	<u>62,963,782</u>

Provision for claims and other legal expenses relate to a legal case filed against the Group in December 1999. The final verdict on this case dated November 2010 required the Group to pay an amount of USD 5.7 million or its equivalent in Kuwaiti Dinars using the exchange rate announced by the Central Bank of Kuwait in December 1999 and interest of 7% of the claimed amount for the period starting 22 June 1992 to the date of settlement. During the period, the claimed amount has been fully provided as at June 30, 2018.

7 General and administrative expenses

	Three months period ended June 30, 2018 AED	Three months period ended June 30, 2017 AED	Six months period ended June 30, 2018 AED	Six months period ended June 30, 2017 AED
Staff costs	609,193	632,218	1,273,906	1,117,094
Legal and professional fees	571,158	255,564	738,566	649,353
Salaries and other benefits to executive director	189,974	198,290	397,976	389,391
Utilities	123,694	104,066	215,090	178,860
Provisional for doubtful	40,733	65,038	91,563	76,088
Rent	36,390	35,946	72,780	71,892
Other benefits expenses for Directors	16,076	14,174	60,467	29,392
Depreciation	15,176	35,501	32,104	68,924
Others	114,822	76,794	226,036	183,777
	<u>1,717,216</u>	<u>1,417,591</u>	<u>3,108,488</u>	<u>2,764,771</u>

8 Seasonality of results

The Group's income consists of rental and investment income. Rental income is not significantly affected by any seasonal impact as it depends on annual lease contracts which is recognised in the statement of profit or loss on a straight line method and in accordance with different terms of these contracts. In addition, there are less fluctuation currently on rent rates in the location areas of the Group's investment properties. While the investment income depends on market conditions, investment activities of the Group and declaration of profit by investee companies, which are of a seasonal nature. Accordingly, results of investment income for the period ended June 30, 2018 are not comparable to those relating to the comparative period, and are not indicative of the results that might be expected for the year ending December 31, 2018.

Sharjah Group Company P.S.C and its Subsidiary
Interim Condensed Consolidated Financial Information

Notes to the interim condensed consolidated financial information (continued)
For the period ended June 30, 2018

9 Related parties

The Group in the normal course of business carries on business with other entities fall within the definition of a related party in accordance with IFRS.

For the purpose of this interim condensed consolidated financial information, entities are considered to be related to the Company or the Group if the Company or the Group has the ability, directly or indirectly, to exercise significant influence over the entities in making financial and operating decisions, or vice versa, or where the Company or the Group are subject to common control or significant influence.

Details of related party transactions entered into during the period are set out below. These transactions have been carried out at the terms mutually agreed between the related parties. There was no outstanding balance receivable or payable to related parties as at June 30, 2018. (December 31, 2017: AED Nil).

Compensation of key management personnel

Key management personnel of the Company include Managing Director and Directors. Key management personnel compensation includes the following:

	Three months period ended June 30, 2018 AED	Three months period ended June 30, 2017 AED	Six months period ended June 30, 2018 AED	Six months period ended June 30, 2017 AED
Board of Directors' remuneration	-	-	875,000	840,000
Salaries and other short-term employee benefits	177,350	189,304	370,796	371,418
Directors' other expenses	16,076	14,174	60,467	29,392
End of service benefits charged to profit and loss	12,624	8,986	27,180	17,973

Board of Directors' remuneration

This represents professional fees paid to the Group's directors for serving as the board, and devoting special time and attention to the business and affairs of the Group. In accordance with the interpretation of Article 169 of the UAE Federal Law no.2 of 2015, the Group's policy is to recognise the Board of Directors' remuneration as an appropriation of retained earnings.

10 Basic and diluted earnings per share

	Three months period ended June 30, 2018 AED	Three months period ended June 30, 2017 AED	Six months period ended June 30, 2018 AED	Six months period ended June 30, 2017 AED
Profit for the period	1,125,368	1,409,926	2,398,080	3,355,720
Weighted average number of shares	78,901,086	78,901,086	78,901,086	78,901,086
Basic and diluted earnings per share	0.014	0.018	0.030	0.043
Basic and diluted earnings per share	1.43 fils	1.79 fils	3.04 fils	4.25 fils

Sharjah Group Company P.S.C and its Subsidiary
Interim Condensed Consolidated Financial Information

Notes to the interim condensed consolidated financial information (continued)
For the period ended June 30, 2018

11 Capital commitments

Capital commitments

As at June 30, 2018, the Group had no capital commitments on the construction of investment properties (December 31, 2017: AED 235,370).

Operating lease agreements – Company as lessor

The Group has entered into various operating lease agreements for investments properties. As at the period end, the future lease amounting to AED 5,258,548 (December 31, 2017: AED 7,363,841) are due within one year, future lease amounting to AED 385,000 (December 31, 2017: AED 697,500) are due above one year to five years, from the statement of financial position date under these operating leases.