Sharjah Group Company P.S.C.
and its subsidiary

Consolidated Financial Statements
For the year ended December 31, 2016

Sharjah Group Company P.S.C. and its subsidiary
Consolidated Financial Statements
For the year ended December 31, 2016

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Sharjah Group Company P.S.C. شركة مجموعة الشارقة ش.م.ع.

Board of Directors Report

Dear, Sharjah Group Company Shareholders

We are pleased to present the Board of Directors Report and Financial Statements for the fiscal financial year ended 31/12/2016 for Sharjah Group Company.

The company reported a 10% increase in total revenue for the year ended December 31, 2016 amounting to AED 16,053,252 (2015: AED 14,629,069).

Rental Income increased 6.5% due to the stability of demand and the value of rents in the Emirates of Sharjah during 2016, reaching an amount of AED 14,990,985 (2015: AED 14,073,625).

Net profit for 2016 was AED 19,660,994 with profitability of 25 fils per share, compared to AED 15,342,840 with profitability of 19 fils per share in 2015. The 28% growth in net profit is due to the increase in real estate operating revenue and the company properties revaluation

The value of the company's assets has also increased by 5% and there has been an improvement in the average return of operational earnings on total assets to 6% (2015: 5.8%). This has also seen an improvement in the ROA to 7.4% (2015: 6%).

Total Equity has reached AED 171,179,023 for the year 2016 (2015: AED 157,872,361), representing a growth rate of 8.4%. The return on operating revenue to equity stabilized at 9.4% and the ROE has reached 11.5% in 2016 (2015: 9.7%)

Best Regards,

Board of Directors

Tel. + 971 6 5565570 Fax + 971 6 5565572
P.O.Box 5440 Sharjah - United Arab Emirates E-mail: info@sharjahgroup.ae
هاتف: ٥٥٦٥٥٧٠ ٦ ٩٧١+ فاكس ٥٥٦٥٥٧٢ ٩٧١+
ص.ب ٥٤٤٠ الشارقة - دولة الإمارات العربية المتحدة

Al Khan
Sheikh Mohamed Building
Office M – 106
P.O. Box 1968
Sharjah, United Arab Emirates
Tel: +971 (6) 5259691
Fax: +971 (6) 5259690
W: www.grantthornton.ae

Independent Auditor's Report
To the Shareholders of Sharjah Group Company P.S.C.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Sharjah Group Company P.S.C. (the "Company") and its subsidiary collectively referred to as (the "Group"), which comprise the consolidated statement of financial position as at December 31, 2016, the consolidated statements of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements of the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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Independent Auditor's Report

To the Shareholders of Sharjah Group Company P.S.C. (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Group for the year ended December 31, 2016. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

i) Valuation of investment properties

The Group has investment properties as at December 31, 2016 of AED 235.76 million (2015: AED 216.75 million) as disclosed in Note 6 to the consolidated financial statements. These investment properties of the Group represent 89% of total assets as at December 31, 2016 and are carried at fair value (2015: 86%). The management of the Group determines the fair value of its investment properties at each reporting date and uses an external appraiser to support the valuation at the year-end. Valuation of the investment properties is dependent on estimates and assumptions including rental value, occupancy rates, discount rates, financial stability of tenants, market knowledge and historical transactions.

We have performed the following audit procedures:

- We have discussed with the independent valuer to understand the basis of valuation for each investment property and other judgements used in determining the valuation;
- We have assessed and challenged the appropriateness of the underlying leasing data and current tenancy agreements, estimated rental values and assumptions used as disclosed in Note 24 to the consolidated financial statements;
- We have involved our own valuation specialist to validate the assumptions used by management; and
- We have assessed whether the Group's disclosures in relation to the valuation of the investment properties are compliant with the relevant accounting standards.

Based on the work performed, we considered the assumptions used by management and related disclosures in the consolidated financial statements to be appropriate.

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Independent Auditor's Report
To the Shareholders of Sharjah Group Company P.S.C. (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

ii) Valuation of investment in unquoted securities

The Group holds investments in unquoted equity securities of six entities as at December 31, 2016 (2015: six entities) amounting to AED 3.54 million representing 14.7% of the total amount of its investment in securities as disclosed in Note 24 to the consolidated financial statements (2015: AED 3.20 million representing 15.5%). The valuation of these unquoted equity securities was carried out by an independent valuer and involves judgement in selecting the valuation basis for each investment and further judgement in performing the valuation when the latest market and financial data was not observable.

We have performed the following audit procedures:

- We have discussed with the independent valuer to understand the basis of valuation for each investment and other judgements used in determining the valuation;
- We have assessed and challenged the appropriateness of the underlying data, pricing methodologies and assumptions used as disclosed in Note 24 to the consolidated financial statements;
- We have involved our own valuation specialist to validate the assumptions used by management; and
- We have assessed whether the Group's disclosures in relation to the valuation of the unquoted equity securities are compliant with the relevant accounting standards.

Based on the work performed, we considered the assumptions used by management and related disclosures in the consolidated financial statements to be appropriate.

iii) Revenue recognition

The Group has recognised rental revenue of AED 14.99 million during the year ended December 31, 2016 (2015: AED 14.07 million). Market expectation and a profit-based target usually put pressure on management to overstate revenue. This may result in the manipulation of accrued/deferred revenue and/or the creation of fictitious customers to assist in meeting current or future targets and expectations.

We have performed the following audit procedures:

- We have assessed whether the revenue recognition policies adopted comply with IFRS;
- We have performed detailed analytical procedures by developing an independent expectation of revenue based on the lease agreements for the year ended December 31, 2016 to assess whether revenue recognised was complete;
- We have agreed a sample of lease agreements to the related revenue recognised in the books to assess whether revenue had been recognised in the appropriate accounting period;
- We have performed audit procedures specifically designed to address the risk of management override of controls including journal entry testing and evaluating whether there was evidence of bias by the Directors that represents a risk of material misstatement due to fraud; and
- We have obtained the tenant listing, scanned sample contract folders of tenants to determine their existence and checked for duplicate customers.

Based on the work performed, we consider revenue recognition to be appropriate and we did not identify any material misstatements.

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Independent Auditor's Report

To the Shareholders of Sharjah Group Company P.S.C. (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

iv) Provision for claims and settlement

The Group has a balance as at December 31, 2016 for provision for claims and settlement amounting to AED 57,569,799 (2015: 56,085,495) as disclosed in Note 19 to the consolidated financial statements. The provision is relating to a legal case filed against the Group in December 1999. The final verdict on this case in 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 June 22, 1992 to the date of settlement. On September 22, 2016, the Group received a court order to pay the principle amount in addition to the interest of the claim. However, the Group has appealed against the court order. The estimation of the provision requires further judgements to be used.

We have performed the following audit procedures:

- We have assessed and challenged the appropriateness of calculating the provision as at December 31, 2016;
- We have met with the legal advisor of the Group and discussed the status of the legal case; and
- We have assessed whether the Group's disclosures in relation to the provision for claims and settlement are compliant with the relevant accounting standards.

Based on the work performed, we considered the provision for claims and settlement to be appropriate and we did not identify any material misstatements.

Other Matter

The consolidated financial statements of the Group for the year ended December 31, 2015 were audited by another auditor who expressed an unmodified opinion on those statements on February 16, 2016.

Other Information

Management is responsible for the other information. The other information comprises the information included in the *Directors' Report*, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Independent Auditor's Report
To the Shareholders of Sharjah Group Company P.S.C. (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Responsibilities of the Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS and their preparation in compliance with the applicable provisions of the UAE Federal Law No. (2) of 2015, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

Independent Auditor's Report
To the Shareholders of Sharjah Group Company P.S.C. (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entity within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

i) we have obtained all the information and explanations we considered necessary for the purposes of our audit;

ii) the consolidated financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;

iii) the Group has maintained proper books of account;

iv) the financial information included in the Directors' Report, in so far as it relates to these consolidated financial statements, is consistent with the books of account of the Group;

v) as disclosed in Note 10 to the consolidated financial statements, the Group has purchased certain shares during the year ended December 31, 2016;

vi) Note 12 to the consolidated financial statements discloses material related party transactions, and the terms under which they were conducted;

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Independent Auditor's Report
To the Shareholders of Sharjah Group Company P.S.C. (continued)

Report on the Audit of the Consolidated Financial Statements (continued)

Report on Other Legal and Regulatory Requirements (continued)

vii) based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Group has contravened during the financial year ended December 31, 2016 any of the applicable provisions of the UAE Federal Law No.(2) of 2015 or of its Memorandum of Association, which would materially affect its activities or its financial position as at December 31, 2016; and

viii) during the year ended December 31, 2016, the Group made social contributions amounting to AED 60,000.

GRANT THORNTON

جرانت ثورنتون للمحاسبة والمراجعة المحدودة
فرع الشارقة
P.O. Box: 1968
Sharjah - U.A.E.
GRANT THORNTON
Audit and Accounting Limited (Sharjah Branch)

GRANT THORNTON

Osama El Bakry
Registration No. 935
Sharjah, United Arab Emirates
February 19, 2017

Consolidated statement of financial position
As at December 31, 2016

	Notes	2016	2015
ASSETS		**AED**	AED
Non-current assets			
Property and equipment	5	**129,075**	300,047
Investment properties	6	**235,755,320**	216,747,723
Available for sale investments	8	**3,543,976**	3,090,171
Investments at fair value through other comprehensive income	9	**18,289,325**	15,244,416
		257,717,696	235,382,357
Current assets			
Investments at fair value through profit or loss	10	**2,267,872**	2,260,259
Trade and other receivables	11	**754,281**	818,853
Cash and bank balances	13	**3,626,148**	12,900,508
		6,648,301	15,979,620
TOTAL ASSETS		**264,365,997**	251,361,977
EQUITY AND LIABILITIES			
Equity			
Share capital	14	**78,901,086**	78,901,086
Statutory reserve	15	**29,777,838**	27,499,924
Voluntary reserve	16	**10,096,897**	7,818,983
Fair value reserve		**3,926,407**	224,439
Foreign currency translation reserve		**(731,814)**	(633,629)
Retained earnings		**49,208,609**	44,061,558
Total equity		**171,179,023**	157,872,361
Non-current liabilities			
Employees' end of service benefits	18	**784,784**	652,983
Current liabilities			
Trade and other payables	19	**62,032,117**	59,798,058
Dividends payable		**30,370,073**	33,038,575
		92,402,190	92,836,633
Total liabilities		**93,186,974**	93,489,616
TOTAL EQUITY AND LIABILITIES		**264,365,997**	251,361,977

These consolidated financial statements were approved and authorised for issue by the Board of Directors on February 19, 2017 and signed on their behalf by:

Mr. Ziyad Mahmoud Khairullah Al Haji
Chairman

Mr. Mohammed Al Wazzan
Managing Director

The accompanying notes from 1 to 25 form an integral part of these consolidated financial statements.

Consolidated statement of profit or loss and other comprehensive income
For the year ended December 31, 2016

	Notes	2016 AED	2015 AED
Rental income		**14,990,985**	14,073,625
Dividend income		**190,538**	73,783
Gain on sale of investment properties		**-**	108,363
Unrealised loss on investments at fair value through profit or loss	10	**(158,099)**	(724,442)
Impairment losses on available for sale investments	8	**(115,789)**	(673,075)
Unrealised gain from revaluation of investment properties at fair value	6	**11,315,700**	9,212,000
Administrative and general expenses	20	**(4,913,108)**	(4,755,388)
Repairs and maintenance expenses		**(1,036,658)**	(861,020)
Provision for claims and settlement		**(1,484,304)**	(1,484,304)
Other income	21	**871,729**	373,298
PROFIT FOR THE YEAR		**19,660,994**	15,342,840
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Changes in fair value of investments at fair value through other comprehensive income	9	**3,118,176**	3,016,742
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
Changes in value of available for sale investments	8	**583,792**	(66,607)
Foreign currency translation reserve		**(98,185)**	(738,475)
Other comprehensive income		**3,603,783**	2,211,660
TOTAL COMPERHENSIVE INCOME FOR THE YEAR		**23,264,777**	17,554,500
Basic and diluted earnings per share	17	**0.25**	0.19

The accompanying notes from 1 to 25 form an integral part of these consolidated financial statements.

Consolidated statement of changes in equity
For the year ended December 31, 2016

	Share Capital AED	Statutory reserve AED	Voluntary reserve AED	Fair value reserve AED	Foreign currency translation reserve AED	Retained earnings AED	Total AED
As at January 1, 2016	78,901,086	27,499,924	7,818,983	224,439	(633,629)	44,061,558	157,872,361
Profit for the year	-	-	-	-	-	19,660,994	19,660,994
Other comprehensive income	-	-	-	3,701,968	(98,185)	-	3,603,783
Total comprehensive income for the year	-	-	-	3,701,968	(98,185)	19,660,994	23,264,777
Dividend declared (Note 14)	-	-	-	-	-	(9,468,115)	(9,468,115)
Board remuneration (Note 12)	-	-	-	-	-	(490,000)	(490,000)
Transfer to reserves	-	2,277,914	2,277,914	-	-	(4,555,828)	-
As at December 31, 2016	**78,901,086**	**29,777,838**	**10,096,897**	**3,926,407**	**(731,814)**	**49,208,609**	**171,179,023**

	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, 2015	78,901,086	25,673,296	5,992,355	(2,725,696)	104,846	40,752,083	148,697,970
Profit for the year	-	-	-	-	-	15,342,840	15,342,840
Other comprehensive income	-	-	-	2,950,135	(738,475)	-	2,211,660
Total comprehensive income for the year	-	-	-	2,950,135	(738,475)	15,342,840	17,554,500
Dividend declared (Note 14)	-	-	-	-	-	(7,890,109)	(7,890,109)
Board remuneration (Note 12)	-	-	-	-	-	(490,000)	(490,000)
Transfer to reserves	-	1,826,628	1,826,628	-	-	(3,653,256)	-
As at December 31, 2015	78,901,086	27,499,924	7,818,983	224,439	(633,629)	44,061,558	157,872,361

The accompanying notes from 1 to 25 form an integral part of these consolidated financial statements.

Sharjah Group Company P.S.C. and its subsidiary
Consolidated Financial Statements

Consolidated statements of cash flows
For the year ended December 31, 2016

	Notes	**2016 AED**	2015 AED
OPERATING ACTIVITIES			
Profit for the year		**19,660,994**	15,342,840
Adjustments to reconcile profit to net cash flows:			
Unrealised loss on investment at fair value through profit or loss		**158,099**	724,442
Impairment loss on available for sale investments	8	**115,789**	673,075
Provision for doubtful accounts	11	**204,891**	157,373
Provision for employees' end of service benefits	18	**138,268**	189,291
Gain on sale of investment property		**-**	(108,363)
Unrealised gain from revaluation of investment properties at fair value	6	**(11,315,700)**	(9,212,000)
Depreciation on property and equipment	5	**195,112**	200,035
Provision for claims and settlement		**1,484,304**	1,484,304
		10,641,757	9,450,997
Changes in working capital:			
Trade and other receivables		**(140,319)**	(331,396)
Trade and other payables		**749,755**	419,338
Cash from operations		**11,251,193**	9,538,939
Employees' end of service benefits paid	18	**(6,467)**	(25,711)
Net cash from operating activities		**11,244,726**	9,513,228
INVESTING ACTIVITIES			
Purchase of property and equipment	5	**(24,140)**	(24,792)
Purchase of investments at fair value through profit or loss	10	**(173,717)**	(1,963,705)
Addition of investment properties	6	**(7,691,897)**	(67,887)
Proceeds from sale of investment properties		**-**	1,253,736
Net cash used in investing activities		**(7,889,754)**	(802,648)
FINANCING ACTIVITIES			
Dividends paid		**(12,136,617)**	(6,159,316)
Board remuneration paid	12	**(490,000)**	(490,000)
Net cash used in financing activities		**(12,626,617)**	(6,649,316)
Net change in cash and cash equivalents		**(9,271,645)**	2,061,264
Exchange differences on translating foreign operations		**(2,715)**	-
Cash and cash equivalents at the beginning of year		**12,900,508**	10,839,244
Cash and cash equivalents at the end of year	13	**3,626,148**	12,900,508

The accompanying notes from 1 to 25 form an integral part of these consolidated financial statements.

Notes to the consolidated financial statements
For the year ended December 31, 2016

1 Legal status and principle 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 November 16, 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 the following investment as at December 31, 2016. The entity has been consolidated in these consolidated financial statements:

Name of subsidiary	Ownership interest 2016	Ownership interest 2015	Country of operation and incorporation	Principal activity
Tarfan General Trading and Contracting (Ebrahim Ahmed Al-Mannaei and Partners) W.L.L	100%	100%	State of Kuwait	General trading and contracting – purchase and sale of shares and bonds for the Subsidiary's sake

The Subsidiary is a limited liability company incorporated in the State of Kuwait. Mr. Mohammed Al Wazzan 1% and Mr. Ibrahim Ahmed Al-Manaey 1% own the Subsidiary as beneficiaries 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 Basis of preparation

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board ("IASB") and the requirements of the UAE Federal Law No. 2 of 2015. UAE Federal Law No. 2 of 2015 being the Commercial Companies Law ("UAE Companies Law of 2015") was issued on April 1, 2015 and has come into force on July 1, 2015. Companies are allowed to ensure compliance with the new law of 2015 by June 30, 2017 as per the transitional provisions contained therein.

Financial Accounting Concept

These consolidated financial statements have been prepared on a going concern basis notwithstanding the fact that Group's current liabilities exceeded the current assets as at December 31, 2016 by AED 85,753,889 (2015: AED 76,857,013).

The Group's management has prepared its business and cash flow forecasts for the twelve months period after the reporting date on a conservative basis and is of the opinion that the Group will be able to continue its operations in the future and accordingly the going concern assumption used in the preparation of these consolidated financial statements is appropriate.

2 Basis of preparation (continued)

Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for the followings which are stated at fair value:

1. Investment properties;
2. Available for sale investments;
3. Financial instruments at fair value through other comprehensive income; and
4. Financial instruments at fair value through profit or loss.

Basis for consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at December 31, 2016. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Company controls an investee if and only if the Company has:

a. power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
b. exposure, or rights, to variable returns from its involvement with the investee; and
c. the ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

a. The contractual arrangement with the other vote holders of the investee;
b. Rights arising from other contractual arrangements; and
c. The Company's voting rights and potential voting rights.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of income from the date the Company gains control until the date the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the assets transferred.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The financial statements of the subsidiary are prepared for the same reporting year as of the Parent Company.

2 Basis of preparation (continued)

Functional and presentation currency

These consolidated financial statements are presented in Arab Emirates Dirhams ("AED"), which is also the functional currency of the Company. The Subsidiary determines the Kuwaiti Dinar ("KD") as its own functional currency and items included in its financial statements are measured using the KD.

As at the reporting date, the assets and liabilities of the Subsidiary with KD are translated into AED at the rate of exchange ruling at the reporting date and statement of income is translated at the weighted average exchange rates for the year. The differences arising on disposal of Subsidiary, the deferred cumulative amount recognised in equity relating to this Subsidiary is recognised in statement of profit and loss.

Use of estimates and judgments

The preparation of these consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historic experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about the carrying values of assets and liabilities. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the consolidated financial statements are described in Note 25.

The following accounting policies, which comply with IFRS, have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by the Group.

3 Standards, interpretations and amendments to existing standards

3.1 Standards, interpretations and amendments to existing standards that are effective in 2016

Certain standards, interpretations and amendments to existing standards, issued by the IASB, that are effective for the accounting period beginning on or after January 1, 2016 are relevant to the Group and have been applied for the first time.

Standard number	Title	Effective date
IAS 16 and 38	Clarification of Acceptable Methods of Depreciation and Amortization	January 1, 2016
IAS 34	Interim Financial Report	January 1, 2016
IFRS 7	Financial Instruments: Disclosures	January 1, 2016

3 Standards, interpretations and amendments to existing standards (continued)

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

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2016, and have not been applied in preparing these consolidated financial statements. None of these are expected to have a significant effect on the consolidated financial statements of the Group. Those which are relevant to the Group are set out below and the Group does not plan to adopt these early.

Standard number	Title	Effective date
IFRS 15	Revenue from Contracts with Customers	January 1, 2018
IFRS 16	Leases	January 1, 2019

IFRS 15 Revenue from Contracts with Customers (effective for accounting period beginning on or after January 1, 2018)

IFRS 15 establishes a single comprehensive five-step model for entities to use in accounting for revenue arising from contracts with customers. It will supersede the following revenue Standards and Interpretations upon its effective date:

- 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.

Guidance is also provided on topics such as the point in which revenue is recognised, accounting for variable consideration, costs of fulfilling and obtaining a contract and various related matters. New disclosures about revenue are also introduced.

IFRS 16 Leases (effective for accounting period beginning on or after January 1, 2019)

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees — leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (ie., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).

3 Standards, interpretations and amendments to existing standards (continued)

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

IFRS 16 Leases (effective for accounting period beginning on or after January 1, 2019) (continued)

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from today's accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between two types of leases: operating and finance leases. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17. IFRS 16 is effective for annual periods beginning on or after January 2019. Early application is permitted, but not before an entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. In 2017, the Group plans to assess the potential effect of IFRS 16 on its consolidated financial statements.

4 Summary of significant accounting policies

Foreign currency transactions

Transactions in currencies other than AED (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

Financial instruments

i. Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value plus transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Regular purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expired.

Financial assets and financial liabilities are measured subsequently as described on the next page.

4 Summary of significant accounting policies (continued)

Financial instruments (continued)

ii. Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

- loans and receivables;
- Cash and cash equivalent;
- Available for sale investments; and
- Financial asset at fair value through profit or loss.

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within other income, except for impairment of trade receivables which is presented within administrative and general expenses.

All financial assets are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described in the below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

These are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets.

Loans and receivables comprise cash and bank balances and trade and most other receivables.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

Cash and cash equivalents

Cash and cash equivalents are items, which are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents in the consolidated statement of financial position comprise cash on hand and current account balances with banks and are initially and subsequently recorded at fair value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash in hand and bank balances.

4 Summary of significant accounting policies (continued)

Financial instruments (continued)

ii. Classification and subsequent measurement of financial assets (continued)

Available for sale financial assets and investment at fair value through other comprehensive income

For available for sale financial assets and investment at fair value through other comprehensive income, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from other comprehensive income and recognised in the statement of profit or loss.

Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in other comprehensive income.

In the case of debt instruments classified as available for sale, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss, the impairment loss is reversed through the statement of profit or loss.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or that meet certain conditions and are designated at fair value through profit or loss upon initial recognition. These are measured at fair value with gains or losses recognised in profit or loss. The fair values of derivative financial instruments are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

Financial assets designated at fair value through profit or loss comprise equity securities that otherwise would have been classified as available for sale and all derivative financial instruments.

4 Summary of significant accounting policies (continued)

Financial instruments (continued)

iii. Impairment and uncollectibility of financial assets

An assessment is made at each reporting date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognised in the consolidated statement of profit and loss. Impairment is determined as explained below:

a) For assets carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset.

b) For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognised in profit and loss.

iv. Classification and subsequent measurement of financial liabilities

Financial liabilities comprise trade and other payables and dividends payable.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs.

v. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

vi. Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions;
- Reference to the current fair value of another instrument that is substantially the same; and
- A discounted cash flow analysis or other valuation models.

4 Summary of significant accounting policies (continued)

Property and equipment

Property and equipment are initially recognised at acquisition cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management.

These assets are subsequently measured using the cost model, cost less subsequent depreciation and impairment loss, if any.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of the property and equipment. The following useful lives are applicable:

Other facilities	3
Furniture fixtures and office equipment	3-5
Motor vehicles	4

Material residual value and estimates of useful life are updated as required, but at least annually, whether or not the asset is revalued.

Gains or losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognised in the profit or loss.

Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflect market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the consolidated statement of profit and loss in the year in which they arise. The fair value of investment properties is determined by independent real estate valuation experts using recognised valuation techniques.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of profit and loss in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Properties under construction

Properties under construction are carried at cost less any impairment in value. Costs are those expenses incurred by the Group that are directly attributable to the construction of asset.

The carrying values of properties under construction are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

4 Summary of significant accounting policies (continued)

Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows management makes assumptions about future operating results. These assumptions relate to future events and circumstances. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

Staff terminal benefits

The provision for staff terminal benefits is calculated in accordance with the UAE Federal Labour Law and is based on the liability that would arise if the employment of all staff were terminated at the financial position date.

Provisions

A provision is recognised if, as a result of a past event, the Group has a present (legal or constructive) obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Determination of fair values

Certain of the Group's accounting policies and disclosures require the determination of fair value, for non-financial assets. Fair values have been determined for measurement and/or disclosure purposes based on the methods adopted by the Group. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset.

Revenue recognition

Revenue is recognised when the amount of revenue can be measured reliably, collection is probable, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Group's different activities have been met. These activity-specific recognition criteria are described below.

Rent income

Rental income from investment property represent the amounts charged to tenants against the rental of the Group's investment property and are recognised in the profit or loss on a straight-line basis over the term of the lease.

Dividend income

Dividend income is recognised in the profit or loss on the date that the Group's right to receive payment is established.

Income from sale of investments

Revenue from sale of investments is recognised on the date when all significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable and there is no continuing management involvement with the asset.

4 Summary of significant accounting policies (continued)

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the agreement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if the right is not explicitly specified in an arrangement. All leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

The Group as lessee

Operating leases relate to the Subsidiary's office, lease payments are charged to the consolidated income statement on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into operating lease are also spread on a straight-line basis over the lease term.

5 Property and equipment

	Other facilities	Furniture, fixtures and office equipment	Motor vehicles	Total
	AED	AED	AED	AED
Cost				
As at January 1, 2016	294,267	959,190	108,500	1,361,957
Additions	-	24,140	-	24,140
As at December 31, 2016	294,267	983,330	108,500	1,386,097
Accumulated depreciation				
As at January 1, 2016	130,235	823,175	108,500	1,061,910
Charge for the year	98,090	97,022	-	195,112
As at December 31, 2016	228,325	920,197	108,500	1,257,022
Net carrying amount at December 31, 2016	**65,942**	**63,133**	**-**	**129,075**

5 Property and equipment (continued)

	Other facilities AED	Furniture, fixtures and office equipment AED	Motor vehicles AED	Total AED
Cost				
As at January 1, 2015	291,968	936,697	108,500	1,337,165
Additions	2,299	22,493	-	24,792
As at December 31, 2015	294,267	959,190	108,500	1,361,957
Accumulated depreciation				
As at January 1, 2015	32,230	721,145	108,500	861,875
Charge for the year	98,005	102,030	-	200,035
As at December 31, 2015	130,235	823,175	108,500	1,061,910
Net carrying amount at December 31, 2015	164,032	136,015	-	300,047

6 Investment properties

	2016 AED	2015 AED
As at January 1,	**216,747,723**	208,613,209
Additions during the year	**7,691,897**	67,887
Sale of investment properties	**-**	(1,145,373)
Unrealised gain on revaluation of investment properties at fair value	**11,315,700**	9,212,000
As at December 31,	**235,755,320**	216,747,723

Investment properties consist of residential tower, residential buildings, offices and warehouses located in the Emirate of Sharjah.

During last year, the Group has sold one of its investment properties having a carrying value of AED 1,145,373 for a consideration of AED 1,253,736 and as a result an amount of AED 108,363 was recognised as gain on sale of investment property.

Fair value

Investment properties are stated at market value based on a valuation carried out by an independent external valuer as at December 31, 2016 and 2015.

The investment properties are valued using the direct capitalization method which is used to convert the estimate of a single year's income expectancy into an indication of value. Direct capitalization is market oriented and infers the assumptions of investors. The annual net income has been divided by an appropriate rate factor to determine value. The chosen rate or factor represents the relationship between income and value as observed by the market. This implicit rate is deemed to satisfy a typical investor assuming that the prospects for future monetary benefit over and above the amount originally invested are sufficient.

6 Investment properties (continued)

The Directors of the Group have reviewed the assumption and methodology used by the independent valuer and in their opinion the assumption and the methodology are reasonable as at the reporting date considering the current economic and real estate outlook the United Arab Emirates.

7 Categories of financial assets and financial liabilities

The carrying amounts presented in the consolidated statement of financial position relate to the following categories of financial assets and liabilities:

	2016	2015
Financial assets	**AED**	AED
Loans and receivables		
Trade and other receivables	**627,193**	698,439
Cash and cash equivalents	**3,626,148**	12,900,508
Available for sale investments	**3,543,976**	3,090,171
Investments at fair value through other comprehensive income	**18,289,325**	15,244,416
Investments at fair value through profit or loss	**2,267,872**	2,260,259
	28,354,514	34,193,793

Financial liabilities measured at amortised cost:		
Trade and other payables	**60,314,579**	57,995,268
Dividends payable	**30,370,073**	33,038,575
	90,684,652	91,033,843

A Description of the Group's financial statements risk, including risk management objectives and policies is given in Note 23 and methods used to measure fair value are described in Note 24.

8 Available for sale investments

	2016	2015
	AED	AED
Unquoted investments	**3,543,976**	3,090,171

The movement in available for sale investments is as follows:

	2016	2015
	AED	AED
Balance at January 1,	**3,090,171**	3,942,877
Changes in the fair value	**583,792**	(66,607)
Impairment losses	**(115,789)**	(673,075)
Translation reserve	**(14,198)**	(113,024)
Balance at December 31,	**3,543,976**	3,090,171

9 Investments at fair value through other comprehensive income

	2016 AED	2015 AED
Quoted investments	**18,289,325**	15,244,416

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

	2016 AED	2015 AED
Balance at January 1,	**15,244,416**	12,785,242
Changes in fair value	**3,118,176**	3,016,742
Translation reserve	**(73,267)**	(557,568)
Balance at December 31,	**18,289,325**	15,244,416

10 Investments classified at fair value through profit or loss

	2016 AED	2015 AED
Quoted investments	**2,265,979**	2,149,294
Unquoted investments	**1,893**	110,965
	2,267,872	2,260,259

Investments classified at fair value through profit or loss comprises of investment with a carrying value of AED 269,778 (2015: AED 560,131) in United Arab Emirates and AED 1,998,094 (2015: 1,700,128) in State of Kuwait.

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

	2016 AED	2015 AED
Balance at January 1,	**2,260,259**	1,083,180
Purchase during the year	**173,717**	1,963,705
Change in fair value	**(158,099)**	(724,442)
Translation reserve	**(8,005)**	(62,184)
Balance at December 31,	**2,267,872**	2,260,259

11 Trade and other receivables

	2016 AED	2015 AED
Financial assets		
Trade receivables, gross	**1,547,275**	1,354,217
Less: Provision for doubtful debts	**(1,129,256)**	(924,365)
	418,019	429,852
Deposits	**195,378**	90,608
Staff advances	**10,496**	3,480
Other receivables	**3,300**	174,499
	627,193	698,439
Non-financial assets		
Prepayments	**127,088**	120,414
	754,281	818,853

11 Trade and other receivables (continued)

As at December 31, 2016, all of the Group's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired amounting to AED 1,129,256 (2015: AED 924,365).

The movement in provision for doubtful debts of trade receivables can be reconciled as follows:

	2016	2015
	AED	AED
Balance at January 1,	**924,365**	779,361
Charge for the year (Note 20)	**204,891**	157,373
Write-off during the year	**-**	(12,369)
Balance at December 31,	**1,129,256**	924,365

As at December 31, 2016, the ageing of unimpaired trade receivables is as follows:

		Neither	Past due but not impaired			
	Total	*Past due nor impaired*	*3 – 6 months*	*6 – 9 months*	*9 – 12 months*	*More than 1 Year*
	AED	AED	AED	AED	AED	AED
2016	**418,019**	**260,931**	**66,710**	**77,328**	**13,050**	**-**
2015	429,852	254,384	69,651	68,453	35,920	1,444

Trade accounts receivable are non-interest bearing and are generally settled in within normal credit terms of 30 to 90 days after which they are considered to be past due. Unimpaired accounts receivable are expected, on the basis of past experience, to be recoverable. It is not the practice of the Group to obtain collateral over accounts receivable and the vast majority are, therefore, unsecured.

12 Related parties

In the normal course of business, the Group carries on business with other entities, which fall within the definition of a related party in accordance with IFRS. These transactions are carried out in the normal course of business and are measured at the amounts agreed by both the parties.

For the purpose of the consolidated financial statements, 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.

Compensation of key management personnel

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

	2016	2015
	AED	AED
Salaries and other short-term employee benefits	**711,514**	710,079
Directors sitting fee and other expenses	**148,500**	316,017
Board of Directors' remuneration	**490,000**	490,000
End of service benefits charged to profit and loss	**37,895**	39,281

12 Related parties (continued)

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.

13 Cash and bank balances

	2016 AED	2015 AED
Cash at banks	**3,594,312**	12,891,113
Cash in hand	**31,836**	9,395
	3,626,148	12,900,508

14 Share capital

The authorised, issued and fully paid share capital of the Group consists of 78,901,086 fully paid ordinary shares with a par value of AED 1 each.

Dividends

During the year, the Board of Directors declared and paid 12% of share capital cash dividends for 2015 of AED 9,468,115 (AED 0.12 per share) (2015: declared and paid 10% of share capital cash dividends for 2014 of AED 7,890,109 (AED 0.10 per share) out of the retained earnings, which was approved during the General Assembly on March 28, 2016.

15 Statutory reserve

In accordance with the memorandum of association of the Group and Article 103 of the UAE Federal Law No. (2) of 2015, a minimum of 10% of the net profit of the Group is required to be allocated every year to statutory reserve. Such transfers are required to be made until the balance on the reserve equals one half of the Group's paid-up share capital. The reserve is not available for distribution except as provided for in the UAE Commercial Law.

16 Voluntary reserve

As required by the Group's memorandum of association, 10% of Group's net profit for the year is required to be transferred to the voluntary reserve until such reserve equals one half of the Group's share capital, the reserve is available for distribution at the desecration of the Group's General Assembly.

17 Basic and diluted earnings per share

	2016 AED	2015 AED
Profit for the year	**19,660,994**	15,342,840
Weighted average number of shares	**78,901,086**	78,901,086
Basic and diluted earnings per share	**0.25**	0.19
Basic and diluted earnings per share	**24.9 fills**	19.4 fills

18 Employees' end of service benefits

	2016	2015
	AED	AED
As at January 1,	**652,983**	489,403
Provisions made during the year	**138,268**	189,291
Payment made during the year	**(6,467)**	(25,711)
As at December 31,	**784,784**	652,983

19 Trade and other payables

	2016	2015
	AED	AED
Financial liabilities		
Trade payables	**1,351,911**	76,952
Refundable deposits	**1,010,962**	1,000,582
Provision for claims and other legal expenses	**57,569,799**	56,085,495
Accrued expenses	**381,907**	832,239
	60,314,579	57,995,268
Non-financial liabilities		
Rental income received in advance	**1,717,538**	1,802,790
	62,032,117	59,798,058

Provision for claims and other legal fees 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 June 22, 1992 to the date of settlement. The claimed amount has been fully provided as at December 31, 2016.

20 Administrative and general expenses

	2016	2015
	AED	AED
Staff costs	**1,784,966**	1,861,914
Legal and professional fees	**975,735**	702,726
Salaries and other benefits to executive director	**749,409**	749,360
Utilities	**344,055**	346,241
Provision for doubtful accounts (Note 11)	**204,891**	157,373
Depreciation (Note 5)	**195,112**	200,035
Rentals – operating lease	**144,360**	149,640
Directors sitting fee and other benefits	**142,500**	300,000
Others	**372,080**	288,099
	4,913,108	4,755,388

21 Other income

	2016 AED	2015 AED
Foreign exchange (loss)/ gain	**(28,103)**	8,621
Others	**899,833**	364,677
	871,729	373,298

22 Commitments

Capital commitment

At December 31, 2016, the Group had estimated capital commitments of construction of investment properties of AED 235,370 (December 31, 2015: AED 6,300,000).

Operating lease agreements – Group as lessor

The Group has entered into various operating lease agreements for investment properties. As at the period end, the future lease amounting to AED 7,470,813 (2015: AED 6,861,949) are due within one year, future lease amounting to AED 1,300,000 (2015: AED 1,950,000) are due above one year to five years, from the statement of financial position date under these operating leases.

23 Financial instrument risk

Risk management objectives and policies

The Group is exposed to various risks in relation to financial instruments. The Group's financial assets and liabilities by category are summarised in Note 7. The main types of risks are market risk, credit risk and liquidity risk.

The Group's risk management is coordinated at Group level, in close cooperation with the Directors, and focuses on actively securing the Group's short to medium-term cash flows by minimising the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed are described below.

Market risk analysis

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Group is exposed to market risk through its use of financial instruments and specifically to interest rate risk, foreign currency risk and price risks, which result from both its operating and investing activities.

i. Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group is not significantly exposed to interest rate sensitivity since the Group has no significant interest bearing assets and liabilities.

23 Financial instrument risk (continued)

Risk management objectives and policies (continued)

ii. Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

Most of the Group's transactions are carried out in AED. Exposures to currency exchange rates arise from the Subsidiary's trading transaction and investment in financial instrument which are primarily denominated in Kuwaiti Dinar (KD).

To mitigate the Group's exposure to foreign currency risk, non-AED cash flows are monitored and are entered into in accordance with the Group's risk management policies.

Foreign currency denominated financial assets and liabilities which expose the Group to currency risk are disclosed below. The amounts shown are those reported to key management translated into AED at the closing rate:

	2016 AED	2015 AED
Financial assets	**24,744,468**	20,956,114
Financial liabilities	**(64,623)**	(61,726)
	24,679,845	20,894,388

The following table illustrates the sensitivity of profit and equity in regards to the Group's financial assets and financial liabilities and the KD/AED exchange rate 'all other variables held constant'. It assumes a ±10% change of the KD/AED exchange rate for the year ended at December 31, 2016 (2015: ±10%). This percentage has been determined based on the average market volatility in exchange rates in the previous 12 months. The sensitivity analysis is based on the Group's foreign currency financial instruments held at each reporting date.

If the AED had strengthened against the KD by 10% (2015: 10%) then this would have had the following impact:

	2016 AED	2015 AED
Profit	**284,655**	255,980
Other comprehensive income	**2,183,330**	1,833,459
Equity	**2,467,985**	2,089,439

If the AED had weakened against the KD by 10% (2015: 10%) then this would have had the following impact:

	2016 AED	2015 AED
Profit	**(284,655)**	(255,980)
Other comprehensive income	**(2,183,330)**	(1,833,459)
Equity	**(2,467,985)**	(2,089,439)

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to currency risk.

23 Financial instrument risk (continued)

Risk management objectives and policies (continued)

Market risk analysis (continued)

iii. Other price risk sensitivity

The Group is exposed to other price risk in respect of its listed and unlisted equity securities (see note 7).

For the listed equity securities, an average volatility of 7% has been observed during 2016 (2015: 24%). This volatility figure is considered to be a suitable basis for estimating how profit or loss and equity would have been affected by changes in market risk that were reasonably possible at the reporting date. If the quoted stock price for these securities increased or decreased by that amount, other comprehensive income and equity would have changed by AED 158,500 (2015: AED 548,607). The listed securities are classified as investments at fair value through profit or loss. The investments in listed equity securities are considered short-term, strategic investments. In accordance with the Group's policies, no specific hedging activities are undertaken in relation to these investments. The investments are continuously monitored and voting rights arising from these equity instruments are utilised in the Group's favour.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group is exposed to this risk for various financial instruments, for example trade receivables from customers, placing deposits, etc. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting date, as summarised below.

	2016	2015
	AED	AED
Trade receivables	**1,547,275**	1,354,217
Cash at banks	**3,594,312**	12,891,113
	5,141,587	14,245,330

- Trade receivable represents the rent receivable from tenants that is due at the reporting date. The Group has a policy of obtaining post-dated cheque for the rent period covered under the lease agreement, as at the reporting date the value of the post-dated cheques were AED 4,987,912 (2015: AED 4,408,250).

Trade and others receivables
The Group seeks to limit its credit risk with respect to contract customers by setting credit limits for individual customers and monitoring outstanding receivables.

Cash at banks
The Group's bank balances are maintained with a range of international and local banks in accordance with limits set by the management.

Credit risk is limited to the carrying values of financial assets in the consolidated statement of financial position.

23 Financial instrument risk (continued)

Risk management objectives and policies (continued)

Liquidity risk

Liquidity risk also referred to as funding risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The table below summarises the maturities of the Group's undiscounted financial liabilities at December 31:

	Less than 3 months	3-12 months	1 to 5 years	Total
	AED	AED	AED	AED
At December 31, 2016				
Trade and other payables	**4,579,631**	**57,569,799**	**-**	**62,149,430**
Dividends payable	**-**	**30,370,073**	**-**	**30,370,073**
	4,579,631	**87,939,872**	**-**	**92,519,503**
	AED	AED	AED	AED
At December 31, 2015				
Trade and other payables	3,712,563	56,085,495	-	59,798,058
Dividends payable	-	33,038,575	-	33,038,575
	3,712,563	89,124,070	-	92,836,633

24 Fair value measurement

Assets and liabilities measured at fair value in the statement of financial position are grouped into three levels of fair value hierarchy. This grouping is determined based on the lowest level of significant inputs used in fair value measurement, as follows:

- level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Fair value of the financial assets at fair value through profit or loss (FVPL) is determined on the basis of the net asset value of the investment as provided by the valuator.

24 Fair value measurement (continued)

Fair value measurement of financial instruments

The following table shows the Levels within the hierarchy of financial assets measured at fair value on a recurring basis at December 31, 2016 and December 31, 2015.

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
At December 31, 2016				
Investments at fair value through profit or loss	**2,265,979**	**-**	**1,893**	**2,267,872**
Investments at fair value through other comprehensive income	**18,289,325**	**-**	**-**	**18,289,325**
Available for sale securities	**-**	**-**	**3,543,976**	**3,543,976**

	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
At December 31, 2015				
Investments at fair value through profit or loss	2,149,294	-	110,965	2,260,259
Investments at fair value through other comprehensive income	15,244,416	-	-	15,244,416
Available for sale securities	-	-	3,090,171	3,090,171

The following table shows a reconciliation of all movements in the fair value of financial assets categorised within Level 3.

	2016 AED	2015 AED
Balance at January 1,	**3,201,136**	4,057,900
Changes in the fair value	**474,728**	(66,607)
Impairment losses	**(115,789)**	(673,075)
Translation reserve	**(14,206)**	(117,083)
Balance at December 31,	**3,545,869**	3,201,135

Measurement of fair value of financial instruments

The Group's finance team performs valuations of financial items for financial reporting purposes, including Level 3 fair values, in consultation with third party valuation specialists for complex valuations.

Valuation techniques are selected based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information.

During the years ended December 31, 2016 and December 31, 2015, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of level 3 fair value measurements.

Description of significant unobservable inputs to valuation of financial assets:

Unquoted equity securities are valued based on book value and the price to book value multiple method. Multiples are determined using the latest financial statements available of the investee entities, by analyzing the performance of other companies in the same industry and by taking into account specific industry factors that may impact the valuation.

24 Fair value measurement (continued)

Fair value measurement of non-financial instruments

The following table shows the levels within the hierarchy of non-financial assets measured at fair value on a recurring basis as at December 31, 2016 and December 31, 2015:

December 31, 2016	**Level 1 AED**	**Level 2 AED**	**Level 3 AED**	**Total AED**
Investment properties	**-**	**-**	**235,755,320**	**235,755,320**

December 31, 2015	Level 1 AED	Level 2 AED	Level 3 AED	Total AED
Investment properties	-	-	216,747,723	216,747,723

The following table shows a reconciliation of all movements in the fair value of non-financial assets categorised within Level 3.

	2016 AED	2015 AED
As at January 1,	**216,747,723**	208,613,209
Additions during the year	**7,691,897**	67,887
Sale of investment properties	**-**	(1,145,373)
Unrealised gain on revaluation of investment properties at fair value	**11,315,700**	9,212,000
As at December 31,	**235,755,320**	216,747,723

Fair value of the Group's main investment properties are estimated based on appraisals performed by independent, professionally-qualified property valuers. The significant inputs and assumptions are developed in close consultation with management. The valuation processes and fair value changes are reviewed by the Bsoard of Directors at each reporting date.

During the years ended December 31, 2016 and December 31, 2015, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of level 3 fair value measurements.

Description of valuation methods used in the fair valuation of investment properties:

The investment properties are valued using the direct capitalization method which is used to convert the estimate of a single year's income expectancy into an indication of value. Direct capitalization is market oriented and infers the assumptions of investors. The annual net income has been divided by an appropriate rate factor to determine value. The chosen rate or factor represents the relationship between income and value as observed by the market. This implicit rate is deemed to satisfy a typical investor assuming that the prospects for future monetary benefit over and above the amount originally invested are sufficient.

25 Accounting estimates and judgment

The Group makes estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

25 Accounting estimates and judgment (continued)

Impairment losses on receivables

The Group reviews its receivables to assess impairment on a regular basis. The Group's credit risk is primarily attributable to its trade receivables. In determining whether impairment losses should be reported in the profit or loss, the Group makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. Accordingly, an allowance for impairment is made where there is an identified loss event or condition which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Estimated useful life and residual value of property and equipment

The Group's management determines the estimated useful lives and related depreciation charge for its property and equipment on an annual basis. The Group has carried out a review of the residual values and useful lives of property and equipment as at December 31, 2016 and the management has not highlighted any requirement for an adjustment to the residual lives and remaining useful lives of the assets for the current or future periods.

Valuation of investment properties

Investment properties are accounted for using the "Fair Value Model". The Group fair values investment properties at regular intervals, should the significant assumptions used for the purposes of valuation have changed, the fair value of investment properties would impact the disclosure of the fair value in the financial statements.

Impairment of available for sale investments

Impairment for quoted available for sale investments is based on a significant or prolonged decline in the quoted value of these investments. Impairment for unquoted available for sale investments is measured as the difference between the carrying amount and the present value of discounted estimated future cash flows.

Valuation of financial instruments

The Group's accounting policy on fair value measurements is discussed in note 3.

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in the market that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuations.