Sharjah Group Company P.J.S.C.
Sharjah - United Arab Emirates

Auditor's report and consolidated financial statements

For the year ended December 31, 2019

Sharjah Group Company P.J.S.C.

Sharjah - United Arab Emirates

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General information

Principal office address	:	Al Khan Street P. O. Box: 5440 Sharjah, United Arab Emirates T: +971 6 556-5570 F: +971 6 556-5572	
Website	:	www.sharjahgroup.ae	
The Directors	:	Name	Nationality
		Mr. Ziyad Mahmoud Khairullah Al Haji	Emirati
		Mr. Khalid Abdulaziz Kashwani	Emirati
		Mr. Humaid Obaid Humaid Al Matrooshi	Emirati
		Mr. Nasr Bakhit Ali Al Ghanim Al Mheiri	Emirati
		Mr. Ebrahim Ahmed Al Mannaei	Kuwaiti
		Mr. Mohammed Abdullah Al Wazzan	Kuwaiti
		Mr. Yaqoub Abdullah Al Wazzan	Kuwaiti
The Auditor	:	Crowe Mak Dubai - United Arab Emirates	

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 31/12/2019 for Sharjah Group Company.

The company earned an operating income for the year ended December 31, 2019 amounting to AED 11,336,240 (2018: AED 13,326,396).

Rental Income decreased by 23.7% due to the decrease of demand and the value of rent in the Emirate of Sharjah during 2019, reaching an amount of AED 9,963,520 (2018: AED 13,058,810).

Net loss for 2019 was AED 15,229,249, compared to AED 8,053,467 net loss in 2018. This is due to the decrease in operating income and overall decline in value of the properties.

The value of the Company's assets has also decreased by 14.9% reaching an amount of AED 211,606,608 (2018: AED 248,519,969) and the average return of operating income on total assets reached 5.36% (2018: 5.36%).

Best Regards,

Board of Directors

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Ref: KM/A2585/Mar' 2020

Independent auditor's report

To,
The Shareholders
Sharjah Group Company P.J.S.C.
P. O. Box: 5440
Sharjah - United Arab Emirates

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of **Sharjah Group Company P.J.S.C., Sharjah - United Arab Emirates** ("the Entity") **and its subsidiary** (collectively the "Group") which comprise the consolidated statement of financial position as at **December 31, 2019**, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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, 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the requirements of Code of Ethics for Professional Accountants, issued by International Ethics Standards Board for Accountants (IESBA) together with ethical requirements that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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, 2019. 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.

Independent auditor's report (continued)

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

Report on the audit of the consolidated financial statements (continued)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matter
1) Valuation of investment properties	
The Group has investment properties, as at December 31, 2019, amounting to AED 198.193 million as disclosed in Note 5 of the consolidated financial statements. The investment properties represent 93.66% of the total assets as at December 31, 2019. The management of the Group determines the fair value of the investment properties at each reporting period. The Group uses an external valuer to determine the fair value of investment properties. Valuation of the investment properties is dependent on estimates and assumptions including rental value, occupancy rate, discount rates and market knowledge.	We have discussed with the Group's external valuer to understand the basis of the valuation of the investment properties and the judgment used by the valuer, We have evaluated the competence, objectivity and independence of the valuer, We have assessed and challenged the appropriateness of underlying data, methodologies, assumption used, and We have assessed that Group's disclosure relating to investment properties and its fair value are in compliant with relevant accounting standards.
2) Valuation of unquoted investments	
As disclosed in Note 7 and 9 to these consolidated financial statements, the Group's financial investments include unquoted equity investments amounting to AED 1.997 million as at December 31, 2019. The determination of the fair value of unquoted equity investments involves significant judgments which include valuation techniques used and available sources of observable data. The valuation for the majority of the Group's unquoted investments were carried out by external valuers ("valuers").	We have evaluated the competence, objectivity and independence of the valuer, We have evaluated the completeness of the source data used in the calculation of fair value, We have assessed and challenged the appropriateness of underlying data, methodologies, assumption used, We have involved our internal valuation expert to evaluate the methodologies and appropriateness of the assumptions used by the valuer, and

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Independent auditor's report (continued)

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

Report on the audit of the consolidated financial statements (continued)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matter
2) Valuation of unquoted investments (continued)	
In determining the fair values, the valuers take into account future cash flows, discounted at appropriate discount rates, latest dividends, market values of similar assets / companies, latest available financial statements and other information. We consider the valuation of unquoted investments a key audit matter, given the significant assumptions and judgments involved.	We have checked the appropriateness of the disclosures made in relation to the valuation of unquoted investments in these financial statements.
3) Claims and other legal expenses	
The Group has a balance as at December 31, 2019 of provision for claims and other legal expenses amounting to AED 35.901 million as disclosed in Note 17 of these consolidated financial statements. The provision was for the legal case filed against the Group in December 1999. The Sharjah Union Supreme Court issued its final decision on January 29, 2019 stating that the final claim should be equal to principal plus interest also equal to principal amount. The final claim amount was calculated as AED 42.409 million. The Group reversed the excess provision for claims and other legal expenses to the other income amounting to AED 18.130 million. Group has paid AED 6.508 million during the year.	We have assessed and challenged the appropriateness of calculation of the provision for claims and other legal expenses as at December 31, 2019, We have discussed the status of the case with legal advisor of the Group, and We have assessed whether the Group's disclosures in relation to provision for claims and other legal expenses are complaint with relevant accounting requirement.

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Independent auditor's report (continued)

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

Report on the audit of the consolidated financial statements (continued)

Other matter

The consolidated financial statements of the Group for the year ended December 31, 2018 which are shown as comparatives, were audited by other auditors who expressed an unmodified opinion on those consolidated statements on February 28, 2019.

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 on the other information that are obtained prior to the date of this auditor's report, 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.

Responsibilities of 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 International Financial Reporting Standards (IFRSs), 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.

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Independent auditor's report (continued)

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

Report on the audit of the consolidated financial statements (continued)

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 ISAs, 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.

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To the Shareholders of Sharjah Group Company P.J.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 entities or business activities 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

As required by the U.A.E. Federal Law No. 2 of 2015, we further confirm that,

1. We have obtained all the information and explanations which we consider necessary for our audit,

2. The consolidated financial statements have been prepared and comply in all material respects with the applicable provisions of the U.A.E. Federal Law No. 2 of 2015, and the Memorandum and Articles of Association of the Entity,

Independent auditor's report (continued)

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

Report on the audit of the consolidated financial statements (continued)

Report on other legal and regulatory requirements (continued)

3. Proper books of accounts have been maintained by the Group,
4. The contents of the Directors' report in so for as it relates to the consolidated financial statements, is consistent with the Group's books of account,
5. The Group has not made any purchase of shares and stocks during the year ended December 31, 2019,
6. Note 10 to the consolidated financial statements reflects the disclosures relating to material related party transactions and the terms under which they were conducted, and
7. 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, any of the applicable provisions of the U.A.E. Federal Law No. 2 of 2015 or the Memorandum and Articles of Association of the Entity, which would materially affect its activities or its consolidated financial position as of December 31, 2019.

For, Crowe MAK

Dr. Khalid Maniar

Founder & Managing Partner

Reg. No : 24

March 24, 2020

Sharjah Group Company P.J.S.C.
Sharjah - United Arab Emirates

Consolidated statement of financial position as at December 31, 2019
In Arab Emirates Dirham

	Notes	2019	2018
Assets			
Non-current assets			
Property and equipment	4	**135,970**	197,421
Investment properties	5	**198,192,750**	236,237,000
Right-of-use assets	6	**679,005**	-
Financial assets at fair value through other comprehensive income	7	**7,876,390**	5,366,119
Total non-current assets		**206,884,115**	241,800,540
Current assets			
Trade and other receivables	8	**947,983**	1,168,441
Investments at fair value through profit or loss	9	**417,744**	2,558,309
Cash and bank balances	11	**3,356,838**	2,992,679
Total current assets		**4,722,565**	6,719,429
Total assets		**211,606,680**	248,519,969
Equity and liabilities			
Equity			
Share capital	12	**78,901,086**	78,901,086
Statutory reserve	13	**31,774,685**	31,774,685
Voluntary reserve	14	**12,093,743**	12,093,743
Fair value reserve		**(10,188,123)**	(12,678,833)
Foreign currency translation reserve		**(490,218)**	(516,239)
Retained earnings		**29,907,657**	45,136,906
Total equity		**141,998,830**	154,711,348
Non-current liabilities			
Employees' end of service benefits	16	**1,149,740**	1,056,677
Lease liabilities	6	**573,897**	-
Total non-current liabilities		**1,723,637**	1,056,677
Current liabilities			
Lease liabilities	6	**112,102**	-
Trade and other payables	17	**38,661,606**	63,112,167
Dividends payable		**29,110,505**	29,639,777
Total current liabilities		**67,884,213**	92,751,944
Total liabilities		**69,607,850**	93,808,621
Total equity and liabilities		**211,606,680**	248,519,969

The accompanying notes form an integral part of these consolidated financial statements.
The report of the auditor is set out on pages 3 to 9.

The financial statements on pages 10-36 were approved on March 24, 2020 and signed on behalf of the Group, by:

Mr. Ziyad Mahmoud Khairullah Al Haji
Chairman

Mr. Mohammed Abdullah Al Wazzan
Managing Director

Sharjah Group Company P.J.S.C.
Sharjah - United Arab Emirates

Consolidated statement of profit or loss and other comprehensive income for the year ended December 31, 2019

In Arab Emirates Dirham

	Notes	2019	2018
Rental income		**9,963,520**	13,058,810
Investment income	18	**24,006**	61,055
Unrealised (loss) on investments at fair value through profit or loss	9	**(44,314)**	(214,478)
Realised gain on investments at fair value through profit or loss		**1,212,919**	31,607
(Loss) on changes in fair value of investment property	5	**(38,044,250)**	(11,431,604)
Other income	19	**18,473,228**	174,924
Repair and maintenance expenses		**(1,108,645)**	(1,339,121)
Provisions for claims and settlement		**-**	(1,484,304)
Administrative expenses	20	**(5,688,012)**	(6,910,356)
Finance costs	21	**(17,701)**	-
Net (loss) for the year		**(15,229,249)**	(8,053,467)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Changes in fair value of investments at fair value through other comprehensive income		**2,490,710**	(14,041,348)
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation reserve		**26,021**	(50,026)
		2,516,731	(14,091,374)
Total comprehensive (loss) for the year		**(12,712,518)**	(22,144,841)
Basic and diluted earnings per share	15	**(0.19)**	(0.10)

The accompanying notes form an integral part of these consolidated financial statements.
The report of the auditor is set out on pages 3 to 9.

Sharjah Group Company P.J.S.C.
Sharjah - United Arab Emirates

Consolidated statement of changes in equity for the year ended December 31, 2019
In Arab Emirates Dirham

	Share capital	Statutory reserve	Voluntary reserve	Fair value reserve	Foreign currency translation reserve	Retained earnings	Total equity
Balance as at December 31, 2017	78,901,086	31,774,685	12,093,743	1,362,515	(466,213)	60,377,461	184,043,277
Net (loss) for the year	-	-	-	-	-	(8,053,467)	(8,053,467)
Other comprehensive loss	-	-	-	(14,041,348)	(50,026)	-	(14,091,374)
Total comprehensive loss for the year	-	-	-	(14,041,348)	(50,026)	(8,053,467)	(22,144,841)
Dividends	-	-	-	-		(6,312,088)	(6,312,088)
Board of Directors' remuneration	-	-	-	-		(875,000)	(875,000)
Balance as at December 31, 2018	78,901,086	31,774,685	12,093,743	(12,678,833)	(516,239)	45,136,906	154,711,348
Net (loss) for the year	-	-	-	-	-	(15,229,249)	(15,229,249)
Other comprehensive loss	-	-	-	2,490,710	26,021	-	2,516,731
Total comprehensive loss for the year	-	-	-	2,490,710	26,021	(15,229,249)	(12,712,518)
Balance as at December 31, 2019	**78,901,086**	**31,774,685**	**12,093,743**	**(10,188,123)**	**(490,218)**	**29,907,657**	**141,998,830**

The accompanying notes form an integral part of these consolidated financial statements.
The report of the auditor is set out on pages 3 to 9.

Sharjah Group Company P.J.S.C.
Sharjah - United Arab Emirates

Consolidated statement of cash flows for the year ended December 31, 2019
In Arab Emirates Dirham

	2019	2018
Cash flows from operating activities		
Net (loss) for the year	**(15,229,249)**	(8,053,467)
Adjustments for:		
Fair value losses from investment properties	**38,044,250**	11,431,604
Unrealised loss on investments at fair value through profit or loss	**44,314**	214,478
Foreign currency translation reserve movement	**6,425**	(88)
Provisions for claims and settlement	-	1,484,304
Depreciation on property and equipment	**61,451**	62,269
Depreciation on right-of-use assets	**61,576**	-
Allowance for doubtful debts	**562,523**	845,555
Reversal of provision for claims and other legal expenses	**(18,129,713)**	-
Reversal of provisions for doubtful debts	**(207,720)**	(34,090)
Finance costs	**17,701**	-
Provision for employees' end of service benefits	**160,252**	161,908
	5,391,810	6,112,473
(Increase) in trade and other receivables	**(134,345)**	(685,801)
(Decrease) in trade and other payables	**(6,320,848)**	(1,335,919)
Cash (used in) / generated from operations	**(1,063,383)**	4,090,753
Employees' end-of-services benefits paid	**(67,189)**	(43,551)
Net cash (used in) / from operating activities	**(1,130,572)**	4,047,202
Cash flows from investing activities		
Purchase of investments at fair value through profit or loss	-	(520,425)
Proceeds from sale of investments at fair value through profit or loss	**2,096,483**	267,811
Purchase of property and equipment	-	(33,899)
Payments for obligations under operating lease	**(72,480)**	-
Purchase of investment property	-	(545,904)
Net cash from / (used in) investing activities	**2,024,003**	(832,417)
Cash flows from financing activities		
Dividends paid	**(529,272)**	(6,609,001)
Board of Directors' remuneration	-	(875,000)
Net cash (used in) financing activities	**(529,272)**	(7,484,001)
Net increase / (decrease) in cash and cash equivalents	**364,159**	(4,269,216)
Cash and cash equivalents, beginning of the year	**2,992,679**	7,261,895
Cash and cash equivalents, end of the year	**3,356,838**	2,992,679
Cash and cash equivalents		
Cash in hand	**16,603**	12,209
Cash at banks	**3,340,235**	2,980,470
	3,356,838	2,992,679

The accompanying notes form an integral part of these consolidated financial statements.
The report of the auditor is set out on pages 3 to 9.

1 Legal status and business activities

1.1 **Sharjah Group Company P.J.S.C., Sharjah - United Arab Emirates** (the "Parent") is a public joint stock company facilitated under Emiri Decree number 133/76 issued on November 16, 1976. The trading register was issued by Economic Development Department of Government of Sharjah. The shares of the Group are traded in the Abu Dhabi Securities Exchange.

1.2 These consolidated financial statements incorporate the operating results of the Parent and its subsidiary (collectively referred to as the "Group").

1.3 The principal activities of the Group comprise of investments in financial instruments, real estate, industrial projects and leasing of rental properties.

1.4 The registered office of the Group is located at P.O. Box 5440, Sharjah, United Arab Emirates.

1.5 The Group controls the following subsidiary as at December 31, 2019 which has been consolidated in these consolidated financial statements:

Name of subsidiary	2019	2018	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.

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

2 New standards and amendments

2.1 New standards and amendments -applicable January 1, 2019

The following standards and amendments apply for the first time to the financial reporting periods commencing on or after January 1, 2019.

IFRS 16 - Leases

Amendments to IFRS 9 – Prepayment Features with Negative Compensation

Amendments to IAS 28 – Long-term Interests in Associates and Joint Ventures

Annual Improvements to IFRS Standards 2015-2017 Cycle

Amendments to IAS 19 – Plan Amendment, Curtailment or Settlement

2.2 New standards and amendments issued but not effective for the current annual period

The following standards and interpretations had been issued but were not mandatory for annual reporting periods ending December 31, 2019.

2 New standards and amendments (continued)

2.2 New standards and amendments issued but not effective for the current annual period (continued)

Description	Effective for annual periods beginning on or after
Definition of Material - Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting Entity.'	January 1, 2020
Definition of a Business – Amendments to IFRS 3 Business Combinations. The amendments clarify that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. IASB also clarify that a business can exist without including all of the inputs and processes needed to create outputs. That is, the inputs and processes applied to those inputs must have 'the ability to contribute to the creation of outputs' rather than 'the ability to create outputs.	January 1, 2020
Amendments to References to the Conceptual Framework in IFRS Standards. Amendments to References to the Conceptual Framework in IFRS Standards related IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.	January 1, 2020
IFRS 7 Financial Instruments: Disclosures and IFRS 9 - Financial Instruments. Amendments regarding pre-replacement issues in the context of the IBOR reform.	January 1, 2020

Management anticipates that these new standards, interpretations and amendments will be adopted in the consolidated financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the consolidated financial statements in the period of initial application.

3 Significant accounting policies

3.1 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. These consolidated financial statements are presented in United Arab Emirates Dirham (AED) which is the Group's functional and presentation currency.

3.2 Basis of preparation

These consolidated financial statements have been prepared under the historical cost convention, except for certain properties and financial instruments that are measured at fair values, as explained in the accounting policies below.

3 Significant accounting policies

3.2 Basis of preparation (continued)

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed after significant accounting policies.

The principal accounting policies applied in these consolidated financial statements are set out below.

3.3 Basis of consolidation

3.3.1 Subsidiaries

Subsidiary is entity (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the Group and has the ability to affect those returns through its power over the entity. Subsidiary is fully consolidated from the date on which control is transferred to the Group. This is deconsolidated from the date that control ceases.

The Group applies the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

3.4 Current / Non-current classification

The Group presents assets and liabilities in consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

Expected to be realised or intended to be sold or consumed in normal operating cycle or held primarily for the purpose of trading or expected to be realised within twelve months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is expected to be settled in normal operating cycle or it is held primarily for the purpose of trading or it is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

3 Significant accounting policies (continued)

3.5 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

In the principal market for the asset or liability, or

In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 inputs are quoted price (unadjusted) in active market for identical asset or liabilities that the Group can access at the measurement date;

Level 2 inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability.

3.6 Foreign currency

The transactions in currencies other than the Group's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each 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. The non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in consolidated statement of profit or loss in the period in which they arise.

Changes in the fair value of monetary securities denominated in foreign currency classified as available for sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in consolidated statement of profit or loss, and other changes in carrying amount are recognised in consolidated statement of other comprehensive income.

3 Significant accounting policies (continued)

3.6 Foreign currency (continued)

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in consolidated statement of profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in consolidated statement of other comprehensive income.

3.7 Property and equipment

Property and equipment is stated at cost less accumulated depreciation and identified impairment loss, if any. The cost comprise of purchase price, together with any incidental expense of acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the consolidated statement of profit or loss during the financial period in which they are incurred.

Depreciation is spread over its useful lives so as to write off the cost of property and equipment using the straight-line method over its useful lives as follows:

	Years
Vehicles	4
Other facilities	3-5
Furniture, fixtures and office equipment	3-5

When part of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the consolidated statement of profit or loss.

3.8 Leases

Impact of IFRS 16 - Leases

The effect of adoption of IFRS 16 on the balance sheet and retained earnings is not material to these financial statements.

The Group as a lessee

The Group has lease contract for office. Before the adoption of IFRS 16, the Group classified its leases (as lessee) at the inception date as an operating lease. In an operating lease, the leased property was not capitalised and the lease payments were recognised as expense in consolidated statement of profit or loss on a straight-line basis over the lease term.

3 Significant accounting policies (continued)

3.8 Leases (continued)

The Group as a lessee (continued)

Lease previously accounted for as operating lease

The Group recognised right-of-use assets and lease liability for the lease previously classified as operating lease. The right-of-use assets for lease was recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. Lease liability was recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The incremental borrowing rate applied to the leased liability on January 01, 2019 was 4.79 %.

Right-of-use asset

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use asset is measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use asset includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use asset is depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use asset is subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liability measure at the present value of the lease payments to be made over the lease term. The lease payment includes fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date, if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payment made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

The Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on straight-line basis over the lease term and is included in revenue in the consolidated statement of profit or loss due to its operating nature. Contingent rents are recognised as revenue in the period in which they are earned.

3 Significant accounting policies (continued)

3.9 Investment properties at fair value

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in consolidated statement of profit or loss in the period in which they arise.

Cost includes expenditure that is directly attributable to the acquisition of the investment properties. The cost of self constructed investment properties includes the cost of materials and direct labour, any other cost directly attributable to bringing the investment properties to a working condition for their intended use and capitalised borrowing costs.

The Group determines at each reporting date whether there is any objective evidence that the investment properties are impaired. Whenever the carrying amount of an investment property exceeds their recoverable amount, an impairment loss is recognised in the consolidated statement of profit or loss. The recoverable amount is the higher of investment property's net selling price and the value in use. The net selling price is the amount obtainable from the sale of an investment property in an arm's length open market transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of this investment property and from its disposal at the end of its useful life.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in consolidated profit or loss in the period in which the property is derecognised.

3.10 Impairment of tangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the consolidated statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of profit or loss.

3 Significant accounting policies (continued)

3.11 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

3.12 Financial assets

Classification

The Group classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through other comprehensive income "FVTOCI", or through profit or loss "FVTPL"), and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVTOCI). For investments in these equity instruments, the Group does not subsequently reclassify between FVTOCI and FVTPL.

Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in consolidated statement of profit or loss.

The Group's financial assets comprise of cash and cash equivalents, receivables, investments at fair value through profit or loss (FVTPL), investments at (FVTOCI) and other financial assets.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at fair value through profit or loss (FVTPL):

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in consolidated statement of profit or loss.

Financial assets at amortised cost:

These assets are subsequently measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in consolidated statement of profit or loss. Any gain or loss on derecognition is also recognised in consolidated statement of profit or loss.

Financial assets at fair value through other comprehensive income (FVTOCI):

These are subsequently measured at fair value. Dividends are recognised in consolidated statement of profit or loss unless dividends clearly represent a recovery of part of cost of investment. Other net gains and losses are recognised in consolidated statement of other comprehensive income and are never reclassified to consolidated statement of profit or loss.

3 Significant accounting policies (continued)

3.12 Financial assets (continued)

Impairment of financial assets

IFRS 9 replaces the 'incurred losses' model in IAS 39 with an expected credit loss model (ECLs). With the exception of purchased or originated credit impaired financial assets (which are considered separately below), ECLs are required to be measured through a loss allowance at an amount equal to:

- 12-month ECL, i.e. lifetime ECL that results from those default events on the financial instruments that are possible within 12 months after the reporting date, (referred to as Stage 1); or
- full lifetime ECL, i.e. lifetime ECL that results from all possible default events over the life of the financial instrument, (referred to as Stage 2 and Stage 3).

A loss allowance for full lifetime ECL is required for a financial instrument if the credit risk on that financial instrument has increased significantly since initial recognition. For all other financial instruments, ECLs are measured at an amount equal to the 12-month ECL.

The Group has elected the IFRS 9 simplified approach to measure loss allowance for cash and bank balances, trade and other receivables, and due from related parties at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue costs or effort. This includes both quantitative and qualitative information and analysis, based on Group's historical experience and informed credit assessment and including forward-looking information.

For certain categories of financial assets, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio as well as observable changes in national or local economic conditions that correlate with default of receivables.

Impairment losses related to cash and bank balances, trade and other receivables and due from related parties are presented in the consolidated statement of profit or loss and other comprehensive income.

Measurement of ECL

ECL are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD). The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months (12M PD), or over the remaining lifetime (Lifetime PD) of the obligation. EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the financial instruments and potential changes to the current amounts allowed under the contract including amortisation. The EAD of a financial asset is its gross carrying amount. The LGD represents expected loss conditional on default, its expected value when realised and the time value of money.

The Group expects to apply the simplified approach to recognise lifetime expected credit losses for its trade receivables as permitted by IFRS 9. Accordingly, trade receivables which are not credit impaired and which do not have significant financing component is categorised under stage 2 and lifetime ECL is recognised.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another Group. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for the amounts, it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset.

3 Significant accounting policies (continued)

3.13 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. All financial liabilities are recognised initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include lease liabilities, trade and other payables and dividends payable.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. When an existing financial liability is replaced by another, from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss.

3.14 Offsetting financial instruments

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

3.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.16 Leasing income

Leasing income refers to the amount charged to tenants against the rental of Group's investment property and recognized to consolidated statement of profit or los over the lease term.

3.17 Dividend income

Dividend income is recognised in consolidated statement of profit or loss when the Group's right to receive the dividend is established.

3.18 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in policy notes, the management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

3 Significant accounting policies (continued)

3.18 Critical accounting judgements and key sources of estimation uncertainty (continued)

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgments and estimates made by management, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

Critical judgements in applying accounting policies

In the process of applying the Group's accounting policies, which are described above, and due to the nature of operations, management makes the following judgment that has the most significant effect on the amounts recognised in the financial statements.

Business model assessment - classification and measurement of financial instruments

Classification and measurement of financial assets depends on the results of business model test. The Group determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

Classification of properties

Based on management's intention at the time of acquisition of a property, it was decided to classify the property as held for rental or capital appreciation. The management will change the classification when the intention changes.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Determining the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The following factors are normally the most relevant:

. If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate),

. if any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate),

. Otherwise the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

3 Significant accounting policies (continued)

3.18 Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

Discounting of lease payments

The lease payments are discounted using the Group's incremental borrowing rate ("IBR"). The weighted average lessee's incremental borrowing rate applied to lease liabilities recognised in the consolidated statement of financial position at the date of initial application is 4.79%.

Useful lives of property and equipment

Property and equipment is depreciated over its estimated useful life, which is based on expected usage of the asset and expected physical wear and tear which depends on operational factors. The management has not considered any residual value as it is deemed immaterial.

Valuation of investment properties

Investment properties are accounted for using the fair value model. The Group measure the fair values of investment properties at regular intervals, should the significant assumptions used for the purpose of valuation have changed, the fair value of investment properties would impact the disclosure of fair value in the consolidated financial statements.

Valuation of financial instruments

The Group's accounting policy for measurement of financial instruments is discussed in Note 3 above.

The Group measures the fair value of financial instruments using the following fair value hierarchy that reflects the significance of input used in making the measurement:

Level 1 : Qouted price (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. prices) or indirectly (i.e. derived from prices). This category include the financial instruments valued using: qouted market price in active markets for the financial 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 the market data.

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

Calculation of loss allowance

When measuring ECL the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

4 Property and equipment

	Vehicles	Other facilities	Furniture, fixtures and office equipment	Total
Cost				
As at December 31, 2017	204,460	294,267	1,048,465	1,547,192
Additions during the year	-	-	33,899	33,899
As at December 31, 2018	204,460	294,267	1,082,364	1,581,091
As at December 31, 2019	**204,460**	**294,267**	**1,082,364**	**1,581,091**
Accumulated depreciation				
As at December 31, 2017	70,891	294,267	956,243	1,321,401
Charge for the year	29,302	-	32,967	62,269
As at December 31, 2018	100,193	294,267	989,210	1,383,670
Charge for the year	29,392	-	32,059	61,451
As at December 31, 2019	**129,585**	**294,267**	**1,021,269**	**1,445,121**
Carrying value as at December 31, 2019	**74,875**	**-**	**61,095**	**135,970**
Carrying value as at December 31, 2018	104,267	-	93,154	197,421

5 Investment properties

	2019	2018
Movements during the year are as follows:		
Balance at the beginning of the year	**236,237,000**	247,122,700
Additions during the year	**-**	545,904
Changes in fair value (unrealised) recognised in profit or loss	**(38,044,250)**	(11,431,604)
Balance at the end of the year	**198,192,750**	236,237,000

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

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

The Directors of the Group have reviewed the assumptions and methodology used by 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 of the country.

During the year ended December 31, 2019 and December 31, 2018, there were no transfers between level 1 and level 2 fair value measurements and no transfer into or out of level 3 fair value measurement.

Detail of Group's investment properties and information about the fair value hierarchy as at December 31, 2019 are as follows:

	Level 1	Level 2	Level 3	Total fair value
Buildings - completed properties	-	-	198,192,750	198,192,750
	-	-	198,192,750	198,192,750

Detail of Group's investment properties and information about the fair value hierarchy as at December 31, 2018 are as follows:

	Level 1	Level 2	Level 3	Total fair value
Buildings - completed properties	-	-	236,237,000	236,237,000
	-	-	236,237,000	236,237,000

6 Leases

a) Right-of-use assets

The carrying value of the right-of-use assets is as follows:

	Office	Total
Cost		
Additions during the year	**740,734**	**740,734**
As at December 31, 2019	**740,734**	**740,734**
Accumulated depreciation		
Translation reserves	**153**	**153**
Charge for the year (Note 20)	**61,576**	**61,576**
As at December 31, 2019	**61,729**	**61,729**
Carrying value as at December 31,	**679,005**	**679,005**

During the period, the Group recognised right-of-use assets upon adoption of IFRS 16 (Note 3.8):

6 Leases (continued)

b) Lease liabilities	2019	2018
Additions during the year	740,778	-
Add: Interest charge during the year (Note 21)	17,701	-
Less: payments during the year	(72,480)	-
Balance at the end of the year	685,999	-

The above represents present value of lease payments discounted at the rate of 4.79 % per annum (Note 3.8).

Comprising:

Current portion	112,102	-
Non-current portion	573,897	-
	685,999	-

7 Financial assets at fair value through other comprehensive income

Quoted investments	5,972,884	3,678,624
Unquoted investments	1,903,506	1,687,495
	7,876,390	5,366,119

The movement of financial assets are fair value through OCI are as follow:

Balance at the beginning of the year	5,366,119	19,443,092
Changes in fair value	2,490,710	(14,041,348)
Translation reserve	19,561	(35,625)
Balance at the end of the year	7,876,390	5,366,119

8 Trade and other receivables

Trade receivables	3,175,343	3,041,826
Less: Allowance for doubtful debts	(2,561,431)	(2,207,563)
	613,912	834,263
Prepayments	208,969	207,989
Deposits	106,881	117,138
Staff loan and advances	8,875	2,750
Other receivables	9,346	6,301
	947,983	1,168,441

The average credit period for the trade receivables is 30/90 days (2018: 30/90 days). Provisions are based on the estimated irrecoverable amounts determined by reference to past default experience.

The movements in the allowance for doubtful debts as at reporting date are as follows:

Balance at the beginning of the year	2,207,563	1,425,442
Charge during the year (Note 20)	562,523	845,555
Written off during the year	(935)	(29,344)
Reversal during the year (Note 19)	(207,720)	(34,090)
Balance at the end of the year	2,561,431	2,207,563

8 Trade and other receivables (continued)

The following table details the risk profile of the trade receivables based upon the Group's provision matrix. As the Group's credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

As at December 31, ECL in accordance with IFRS 9 is as follows:

	Total	Current	1 -90 days	91 - 120 days	121 - 180 days	More than 1 year
2019						
Receivables	**3,175,343**	**227,975**	**239,180**	**90,115**	**67,681**	**2,550,392**
ECL rate %	**80.67%**	**1.31%**	**1.86%**	**2.18%**	**2.40%**	**100%**
ECL	**2,561,431**	**2,997**	**4,457**	**1,961**	**1,624**	**2,550,392**
Net receivables	**613,912**	**224,978**	**234,723**	**88,154**	**66,057**	**-**
2018						
Receivables	3,041,826	440,051	242,815	198,435	99,159	2,061,366
ECL rate %	72.57%	11.80%	16.28%	18.06%	19.08%	100%
ECL	2,207,563	51,905	39,538	35,839	18,915	2,061,366
Net receivables	834,263	388,146	203,277	162,596	80,244	-

In determining the recoverability of trade receivables, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. Accordingly, the management believes that there is no further credit allowance required for doubtful debts.

Geographical analysis:	**2019**	2018
The geographical analysis of trade receivables is as follow:		
Within U.A.E.	**3,175,343**	3,041,826
	3,175,343	3,041,826

9 Investments at fair value through profit or loss

Quoted investments	**324,076**	2,492,576
Unquoted investments	**93,668**	65,733
	417,744	2,558,309

The movement in investments carried at fair value through profit or loss during the year are as follows:

Balance at the beginning of the year	**2,558,309**	2,534,486
Additions during the year	**-**	520,425
Disposals during the year	**(2,096,483)**	(267,811)
Change in fair value	**(44,314)**	(214,478)
Translation reserve	**232**	(14,313)
Balance at the end of the year	**417,744**	2,558,309

9 Investments at fair value through profit or loss (continued)

Geographical analysis:

The geographical analysis of investments at fair value through profit or los is as follow:

	2019	2018
U.A.E.	**324,076**	396,092
Kuwait	**93,668**	2,162,217
	417,744	2,558,309

10 Related party transactions

The Group enters into transactions with other entities that fall within the definition of a related party as contained in IAS 24, Related party disclosures. Related parties comprise entities under common ownership and/or common management and control; their partners and key management personnel.

The management decides on the terms and conditions of the transactions and services received/rendered from/to related parties as well as other charges, if applicable.

a) Key management personnel compensations

The compensation of key management personnel is as follows:

	2019	2018
Board of Directors' remuneration	-	875,000
Salaries and other short-term employee benefits	**689,344**	680,972
End of service benefits	**54,225**	54,585
Other expenses for directors	**31,089**	101,405
	774,658	1,711,962

Board of Directors' remuneration

This represents professional fees paid to 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 Article no. 169 of 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. In the Annual General Meeting held on April 09, 2019, it was approved that Directors remuneration will not be paid for 2018.

11 Cash and bank balances

	2019	2018
Cash in hand	**16,603**	12,209
Cash at banks	**3,340,235**	2,980,470
	3,356,838	2,992,679

Management has concluded that the expected credit loss for all bank balances is immaterial as these balances are held with banks whose credit risk rating by international rating agencies has been assessed as low.

12 Share capital

Authorised, issued and paid up capital of the Entity is AED 78,901,086 fully paid ordinary shares with a par value of AED 1 each.

13 Statutory reserve

According to the Articles of Association of the Entity and UAE Federal Commercial Companies Law, 10% of annual net profits is allocated to the statutory reserve. Such transfers required to be made until the balance of the reserve equals one half of the Entity's paid-up share capital. The transfer to statutory reserve may be suspended, when the reserve reaches 50% of the paid up capital. This reserve is not available for distribution.

14 Voluntary reserves

As required by the Entity's Articles of Association, 10% of the Entity's net profit for the year is required to be transferred to the voluntary reserve until such reserve equal one half of the Entity's share capital. The reserve is available for distribution at the declaration of the shareholders General Assembly.

15 Basic and diluted earnings per share

	2019	2018
Net (loss) for the year	(15,229,249)	(8,053,467)
Weighted average number of shares	78,901,086	78,901,086
Basic and diluted earnings per share	(0.19)	(0.10)
Basic and diluted earnings per share	(19 fills)	(10 fills)

16 Employees' end of service benefits

	2019	2018
Balance at the beginning of the year	1,056,677	938,320
Add: charge for the year	160,252	161,908
Less: paid during the year	(67,189)	(43,551)
Balance at the end of the year	1,149,740	1,056,677

Amounts required to cover end of service indemnity at the consolidated statement of financial position date are computed pursuant to the applicable Labour Law based on the employees' accumulated period of service and current basic remuneration at the end of reporting period.

17 Trade and other payables

	2019	2018
Trade payables	488,089	387,672
Refundable deposits	869,270	843,973
Provision for claims and other legal expenses	35,901,046	60,538,407
Other payables	23,132	-
Accruals for expenses	516,233	488,967
Rental income received in advance	863,836	853,148
	38,661,606	63,112,167

Provision for claims and other legal expenses relate to a legal case filed against the Group. The Sharjah Union Supreme Court issued its final decision dated January 29, 2019 stating the final claim amount to be paid shall include the principal and interest equal to principal amount. This final claim amount was calculated as AED 42.409 million. The Group reversed the excess provision for claims and other legal expenses to other income amounting to AED 18.130 million (Note 19), which was previously based on the earlier judgement. Subsequent to above judgement, the Group has paid AED 6.508 million as on December 31, 2019.

18 Investment income

	For the year ended December 31, 2019	2018
Dividend income	24,006	61,055
	24,006	61,055

19 Other income

	2019	2018
Foreign currency exchange gain - net	-	(11,922)
Reversal of provisions for doubtful debts (Note 8)	207,720	34,090
Reversal of provision for claims and other legal expenses (Note 17)	18,129,713	-
Other income	135,795	152,756
	18,473,228	174,924

20 Administrative expenses

	For the year ended December 31,	
	2019	2018
Salaries and related benefits	**2,291,382**	2,424,381
Salaries and other benefits to Executive Director	**743,569**	735,557
Rent	**72,300**	145,560
Legal, visa and professional	**893,116**	1,607,656
Utilities	**466,184**	467,357
Other benefits expenses for Directors	**31,089**	101,405
Depreciation on property and equipment (Note 4)	**61,451**	62,269
Depreciation on right-of-use assets (Note 6)	**61,576**	-
Doubtful debts (Note 8)	**562,523**	845,555
Others	**504,822**	520,616
	5,688,012	6,910,356

21 Finance costs

Interest and finance charges for lease liabilities (Note 6)	**17,701**	-
	17,701	-

22 Financial instruments

a) Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 3 to the consolidated financial statements.

22 Financial instruments (continued)

b) Fair value of financial assets and financial liabilities that are not measured at fair value on recurring

	As at December 31,		As at December 31,	
	2019	2018	**2019**	2018
	Carrying amount		Fair value	
Financial assets				
Trade and other receivables	**739,014**	960,452	**739,014**	960,452
Cash and bank balances	**3,356,838**	2,992,679	**3,356,838**	2,992,679
	4,095,852	3,953,131	**4,095,852**	3,953,131
Financial liabilities				
Lease liabilities	**685,999**	-	**685,999**	-
Trade and other payables	**38,661,606**	63,112,167	**38,661,606**	63,112,167
Dividends payable	**29,110,505**	29,639,777	**29,110,505**	29,639,777
	68,458,110	92,751,944	**68,458,110**	92,751,944

Financial instruments comprise of financial assets and financial liabilities.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between knowledgeable and willing parties.

Financial assets consist of cash and bank balances, trade receivables and certain other assets. Financial liabilities consist of trade payables, lease liabilities, dividends payable and certain other liabilities.

As at reporting date financial assets and financial liabilities are approximates their carrying values.

c) Fair value of financial assets that are measured at fair value on recurring basis

The Group's financial assets are measured at fair value at the end of each reporting date. Following are the information about how the fair values of these financial assets are determined and their valuation technique and inputs used.

	Valuation technique	Fair value hierarchy	**Fair value as at December 31,**	
			2019	2018
Financial assets at fair value through other comprehensive income	Quoted Price	Level 1	5,972,884	3,678,624
Financial assets at fair value through other comprehensive income	Price to book value earning multiple	Level 3	1,903,506	1,687,495
Investments at fair value through profit or loss	Quoted Price	Level 1	324,076	2,492,576
Investments at fair value through profit or loss	Price to book value earning multiple	Level 3	93,668	65,733

Significant unobservable inputs for private equity investments are long term revenue growth, management experience and knowledge of market conditions for specific industries.

The higher the growth, the higher the fair value or the higher the weighted average cost of capital, the lower the fair value.

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.

Significant unobservable inputs for private equity investments are constant repayment and discounting of default risk.

The higher the discount rate the lower the fair value and lower the discount rate higher the fair value.

23 Financial risk management objectives

The Group management set out the Group's overall business strategies and its risk management philosophy. The Group's overall financial risk management program seeks to minimize potential adverse effects on the financial performance of the Group. The Group policies include financial risk management policies covering specific areas, such as market risk (including foreign exchange risk, interest rate risk), liquidity risk and credit risk. Periodic reviews are undertaken to ensure that the Group's policy guidelines are complied with.

The Group manages its financial risk by closely monitoring and diversifying into investments into various markets and different sectors. Detailed internal guidelines exist for the investment processes. The Management monitors all investments closely on a regular basis and ensures that these guidelines are followed and objectives are met.

The Group minimizes its risk by diversifying its investments in different markets and sectors. The Group's exposure in investments is monitored by management information systems and the analysis by the in-house team regarding the risk and reward perspective on each investment.

a) Foreign currency risk management

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

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

The carrying amounts of the Group's monetary assets and liabilities denominated in foreign currencies other than in Arab Emirates Dirham or currencies to which the Dirham is fixed are as follows:

	Liabilities		**Assets**	
	2019	2018	**2019**	2018
Kuwait Dinar	**722,001**	35,419	**10,857,821**	7,830,830

The following table details the Group's sensitivity to a 10% increase or decrease in the functional currency against the relevant foreign currencies. 10% is the sensitivity rate used for reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonable possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive or negative number below indicates an increase or decrease in profit or loss where the functional currency weakens 10% against the relevant currency. For a 10% strengthening of the functional currency against the relevant currency, there would be an equal and opposite impact on the profit or loss, and the balances below would be negative.

	2019	2018
Total comprehensive income	**1,013,582**	779,541
Total equity	**1,013,582**	779,541

b) Interest rate risk management

As at the reporting date, there is no significant interest rate risk as there are no borrowings at year end.

c) Liquidity risk management

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

Ultimate responsibility for liquidity risk management rest with the management which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

23 Financial risk management objectives (continued)

c) Liquidity risk management (continued)

Liquidity and interest risk tables:

The table below summarises the maturity profile of the Group's undiscounted financial assets and financial liabilities. The contractual maturities of the financial assets and financial liabilities have been determined on the basis of the remaining period at the consolidated financial position date to the contractual maturity date. The maturity profile of the assets and liabilities at the consolidated statement of financial position date based on contractual repayment arrangements were as follows:

	Interest bearing			Non Interest bearing			
Particulars	**On demand or less than 3**	**Within 1 year**	**More than 1 year**	**On demand or less than 3 months**	**Within 1 year**	**More than 1 year**	**Total**
				As at December 31, 2019			
Financial assets							
Trade and other receivables	-	-	-	-	739,014	-	739,014
Cash and bank balances	-	-	-	3,356,838	-	-	3,356,838
	-	-	-	3,356,838	739,014	-	4,095,852
Financial liabilities							
Lease liabilities	28,026	84,076	573,897	-	-	-	685,999
Trade and other payables	-	-	-	1,869,341	36,792,265	-	38,661,606
Dividends payable	-	-	-	-	29,110,505	-	29,110,505
	28,026	84,076	573,897	1,869,341	65,902,770	-	68,458,110
				As at December 31, 2018			
Financial assets							
Trade and other receivables	-	-	-	-	960,452	-	960,452
Cash and bank balances	-	-	-	2,992,679	-	-	2,992,679
	-	-	-	2,992,679	960,452	-	3,953,131
Financial liabilities							
Trade and other payables	-	-	60,538,407	1,720,612	853,148	-	63,112,167
Dividends payable	-	-	-	-	29,639,777	-	29,639,777
	-	-	60,538,407	1,720,612	30,492,925	-	92,751,944

d) Credit risk management

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties. The Group's exposure are continuously monitored and their credit exposure is reviewed by the management regularly.

Ongoing credit evaluation is performed on the financial condition of trade and other receivables. Further details of credit risks on trade and other receivables are disclosed in Note 8 to the consolidated financial statements.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amounts of the financial assets recorded in the consolidated financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risks.

23 Financial risk management objectives (continued)

d) Equity price risks management

The Group is exposed to other price risk in respect of its listed and unlisted equity securities.

For listed equity securities, an average volatility of 7% has been observed during 2019 (2018: 7%). This volatility figure is considered as a suitable basis for estimating how consolidated profit or loss and equity would have been affected by the changes in market risk that were reasonably possible at the reporting date. if the quoted stock price for these securities increase or decrease by that amount, other comprehensive income and equity would have been changed by AED 22,685 (2018: AED 174,480). The listed equity securities are classified at fair value through profit or loss. The investment in listed equity securities is considered as short term, stratigic investment. 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 utilitised in the Group's favour.

24 Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to the stakeholders through the optimization of the equity balance. The Group's overall strategy remains unchanged from prior year.

25 Contingent liabilities

Except for the ongoing business obligations which are under normal course of business, there has been no other known contingent liability on Group's consolidated financial statements as of reporting date.

26 Commitments

The Group has entered into various operating lease agreements for investment properties. As at the year end, the future lease amounting to AED 3,966,742 (2018: AED 4,540,307) are due within one-year, future lease amounting to AED Nil (2018: AED 45,000) are due above one year to five years, from the consolidated statement of financial position date under these operating leases.

27 Comparatives

Comparative figures have been reclassified in order to conform to current period's presentation and improve the quality of information presented. However, there is no effect on previously reported total assets, total equity, total liabilities and profit for the year.