

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

Condensed Consolidated Interim
Financial Information

For the period ended June 30, 2021

Sharjah Group Company P.J.S.C. and its Subsidiary
Condensed Consolidated Interim Financial Information
For the period ended June 30, 2021

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

Introduction

We have reviewed the accompanying condensed consolidated interim financial statements of Sharjah Group Company P.J.S.C. (the “Company”) and its Subsidiary (collectively referred to as the “Group”) as at June 30, 2021, comprising of the condensed consolidated statement of financial position as at June 30, 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income for the three months and six months periods then ended and the related condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period then ended, and related explanatory notes.

Management is responsible for the preparation and fair presentation of this condensed consolidated interim financial information in accordance with International Accounting Standard 34, “*Interim Financial Reporting*” (“IAS 34”). Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

Scope of Review

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

Conclusion

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


GRANT THORNTON



Osama El Bakry

Registration No. 935

Dubai, United Arab Emirates

August 9, 2021

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

**Condensed consolidated statement of financial position
As at June 30, 2021**

	Notes	June 30, 2021 (Unaudited) AED	December 31, 2020 (Audited) AED
ASSETS			
Non-current assets			
Property and equipment		84,526	111,348
Investment properties	3	183,051,350	183,051,350
Right-of-use assets	4	503,345	559,284
Investments at fair value through other comprehensive income	5	7,807,748	6,319,888
		191,446,969	190,041,870
Current assets			
Trade and other receivables		2,276,067	1,633,924
Investments at fair value through profit or loss	6	379,782	354,645
Cash and bank balances		5,090,529	6,132,119
		7,746,378	8,120,688
TOTAL ASSETS		199,193,347	198,162,558
EQUITY AND LIABILITIES			
Equity			
Share capital		78,901,086	78,901,086
Statutory reserve		31,787,073	31,787,073
Voluntary reserve		12,106,131	12,106,131
Fair value reserve		(10,321,464)	(11,713,078)
Foreign currency translation reserve		(421,482)	(529,209)
Retained earnings		20,043,937	18,754,944
Total equity		132,095,281	129,306,947
Non-current liabilities			
Employees' end of service benefits		1,301,093	1,222,841
Lease liabilities	4	407,343	463,936
Borrowings	8	33,157,895	-
		34,866,331	1,686,777
Current liabilities			
Trade and other payables	7	3,818,241	38,077,286
Borrowings	8	1,842,105	-
Lease liabilities	4	123,306	118,914
Dividends payable		26,448,083	28,972,634
		32,231,735	67,168,834
Total liabilities		67,098,066	68,855,611
TOTAL EQUITY AND LIABILITIES		199,193,347	198,162,558

This condensed consolidated interim financial information was approved and authorised for issue by the Board of Directors on August 9, 2021 and were signed on their behalf by:


Mr. Ziyad Mahmoud Khairullah Al Haji
Chairman


Mr. Mohammed Abdullah Al Wazzan
Chief Executive Officer

The accompanying notes from 1 to 13 form an integral part of this condensed consolidated interim financial information.

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

Condensed consolidated statement of profit or loss
and other comprehensive income
For the period ended June 30, 2021

	Notes	Three months period ended June 30, 2021 (Unaudited) AED	Three months period ended June 30, 2020 (Unaudited) AED	Six months period ended June 30, 2021 (Unaudited) AED	Six months period ended June 30, 2020 (Unaudited) AED
Rental income		2,269,964	2,554,028	4,883,736	5,041,080
Unrealised (loss)/gain on investments at fair value through profit or loss	6	(14,403)	(12,003)	24,006	(64,815)
Administrative and general expenses	9	(1,256,277)	(1,101,160)	(2,417,693)	(2,345,309)
Repairs and maintenance expenses		(238,581)	(210,208)	(436,389)	(697,713)
Finance costs		(811,753)	(8,215)	(818,616)	(16,429)
Other income		41,307	22,791	53,949	37,977
(LOSS) / PROFIT FOR THE PERIOD		(9,743)	1,245,233	1,288,993	1,954,791
Other comprehensive income					
<i>Items that will never be reclassified to profit or loss in subsequent periods</i>					
Change in fair value of investments at fair value through other comprehensive income	5	1,287,761	-	1,391,614	-
<i>Items that are or may be reclassified to profit or loss in subsequent periods</i>					
Foreign currency translation reserve		44,246	214,696	107,727	(139,417)
Total other comprehensive income/(loss)		1,332,007	214,696	1,499,341	(139,417)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,322,264	1,459,929	2,788,334	1,815,374
Basic and diluted earnings per share	13	(0.000)	0.016	0.016	0.025

The accompanying notes from 1 to 13 form an integral part of this condensed consolidated interim financial information.

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

**Condensed consolidated statement of changes in equity
For the period ended June 30, 2021**

	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, 2021 (Audited)	78,901,086	31,787,073	12,106,131	(11,713,078)	(529,209)	18,754,944	129,306,947
Profit for the period	-	-	-	-	-	1,288,993	1,288,993
Other comprehensive income for the period	-	-	-	1,391,614	107,727	-	1,499,341
Total comprehensive income for the period	-	-	-	1,391,614	107,727	1,288,993	2,788,334
As at June 30, 2021 (Unaudited)	78,901,086	31,787,073	12,106,131	(10,321,464)	(421,482)	20,043,937	132,095,281

	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, 2020 (Audited)	78,901,086	31,774,685	12,093,743	(10,188,123)	(490,218)	29,907,657	141,998,830
Transfer from retained earnings to reserves	-	12,388	12,388	-	-	(24,776)	-
Profit for the period	-	-	-	-	-	1,954,791	1,954,791
Other comprehensive loss for the period	-	-	-	-	(139,417)	-	(139,417)
Total comprehensive income for the period	-	-	-	-	(139,417)	1,954,791	1,815,374
As at June 30, 2020 (Unaudited)	78,901,086	31,787,073	12,106,131	(10,188,123)	(629,635)	31,837,672	143,814,204

The accompanying notes from 1 to 13 form an integral part of this condensed consolidated interim financial information.

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

Condensed consolidated statement of cash flows
For the period ended June 30, 2021

	Notes	Six months period ended June 30, 2021 (Unaudited) AED	Six months period ended June 30, 2020 (Unaudited) AED
OPERATING ACTIVITIES			
Profit for the period		1,288,993	1,954,791
<i>Adjustments for non-cash items:</i>			
Allowance for expected credit loss of trade receivables	9	103,158	138,178
Unrealised (gain)/ loss on investments classified at fair value through profit or loss	6	(24,006)	64,815
Provision for employees' end of service benefits		79,821	76,803
Reversal of provision for employees' end of service benefits		(2,800)	-
Depreciation on right-of-use assets	4	62,758	61,729
Depreciation on property and equipment		31,082	33,806
Finance costs		203,094	16,429
Reversal of allowance for expected credit loss of trade receivables		-	(3,232)
		<u>1,742,100</u>	<u>2,343,319</u>
<i>Changes in working capital</i>			
Trade and other receivables		(745,301)	(1,076,887)
Trade and other payables		(34,448,628)	55,745
Cash flow (used in) /from operations		<u>(33,451,829)</u>	<u>1,322,177</u>
Employees' end of service benefits paid		(7,653)	(7,227)
Net cash flow (used in) /generated from operating activities		<u>(33,459,482)</u>	<u>1,314,950</u>
INVESTING ACTIVITIES			
Addition of investment properties	3	-	(80,768)
Purchase of property and equipment		(4,260)	(34,699)
Net cash flow used in investing activities		<u>(4,260)</u>	<u>(115,467)</u>
FINANCING ACTIVITIES			
Lease payments	4	(73,020)	(72,480)
Borrowings acquired	8	35,000,000	-
Dividends paid		(2,524,551)	-
Net cash flow from /(used in) financing activities		<u>32,402,429</u>	<u>(72,480)</u>
Net change in cash and bank balances		<u>(1,061,313)</u>	<u>1,127,003</u>
Exchange differences on translating foreign operations		19,723	(27,433)
Cash and bank balances, beginning of period		6,132,119	3,356,838
Cash and bank balances, end of period		<u>5,090,529</u>	<u>4,456,408</u>

The accompanying notes from 1 to 13 form an integral part of this condensed consolidated interim financial information.

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

Condensed Consolidated Interim Financial Information

Notes to the condensed consolidated interim financial information

For the period ended June 30, 2021

1 Legal status and principal activities

Sharjah Group Company P.J.S.C. (the "Company") is a public joint stock 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 June 30, 2021 which has been consolidated in this condensed interim financial information:

Name of subsidiary	Ownership interest		Country of operation and incorporation	Principal activity
	2021	2020		
Tarfan General Trading and Contracting (Ebrahim Ahmed Al-Mannaai and Partners) W.L. L	100%	100%	State of Kuwait	General trading and Contracting – purchase and sale of shares and bonds for Subsidiary's sake.

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

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

2 Summary of significant accounting policies

a) Basis of preparation

The condensed consolidated interim financial information of the Group has been prepared in accordance with International Accounting Standards 34 *Interim Financial Reporting* and does not include all of the information and disclosures required in the annual consolidated financial statements in accordance with International Financial Reporting Standard (IFRS) and should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2020.

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

Accounting policies, related adjustments, estimates and assumptions adopted for the preparation of this condensed consolidated interim financial information are the same as those applied in the preparation of the audited consolidated financial statements for the year ended December 31, 2020.

b) Functional and presentation currency

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

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

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

**Notes to the condensed consolidated interim financial information (continued)
For the period ended June 30, 2021**

2 Summary of significant accounting policies (continued)

c) Basis of consolidation

This condensed consolidated interim financial information incorporates the financial information of the Company and entity controlled by the Company. Control is achieved where the Company has the power over the investee, exposure, or rights, to variable returns from its involvement with the investee and the ability to use its power over the investee to affect the amount of the investor's returns.

d) Significant accounting estimates and judgments

The preparation of the condensed consolidated interim financial information in conformity with IAS 34, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied in preparation of the consolidated financial statements of the Group as at and for the year ended December 31, 2020.

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

Other Standards and amendments that are not yet effective and have not been adopted early by the Group include:

- Proceeds before Intended Use (Amendments to IAS 16) [Effective January 1, 2022];
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) [Effective January 1, 2022];
- Annual Improvements to IFRS Standards 2018-2020 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16, IAS 41) [Effective January 1, 2022]; and
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) [Effective January 1, 2023].

These amendments are not expected to have a significant impact on the financial information in the period of initial application and therefore the disclosures have not been made.

f) Liquidity risk – unclaimed dividend

During the period, The Securities and Commodities Authority ("SCA") have issued guidelines in relation to cash dividends not received by shareholders of local public shareholding companies listed and held by the companies prior to March 1, 2015. As per the guidelines, as of December 31, 2021, all unclaimed dividends prior to March 1, 2015 should be transferred to the SCA, which shall be responsible for the disbursement of the dividends to its shareholders when claimed.

As at June 30, 2021, the unclaimed dividends amounted to AED 26,448,083 (December 31, 2020: AED 28,972,634).

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

Notes to the condensed consolidated interim financial information (continued)
For the period ended June 30, 2021

3 Investment properties

	June 30, 2021 (Unaudited) AED	December 31, 2020 (Audited) AED
As at January 1,	183,051,350	198,192,750
Additions during the year	-	185,282
Unrealised gain on revaluation of investment properties at fair value	-	(15,326,682)
	183,051,350	183,051,350

Investment properties consist of residential towers and buildings, offices, warehouses and undeveloped parcels of land. It includes certain properties with carrying value of AED 69,500,000 having first degree mortgage in favor of a commercial bank (Note 8).

Fair value

Investment properties are stated at market value based on a valuation carried out by an independent external valuer as at December 31, 2020.

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

4 Leases

Right-of-use assets

The carrying amounts of the Company's right-of-use assets are as follow:

	June 30, 2021 (Unaudited) AED	December 31, 2020 (Audited) AED
Cost		
As at January 1,	748,816	740,734
Translation reserve	9,345	8,082
	758,161	748,816
Accumulated depreciation		
As at January 1,	189,532	61,729
Translation reserve	2,526	2,172
Charged during the period/year	62,758	125,631
	254,816	189,532
Net carrying value as at period/year end	503,345	559,284

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

Notes to the condensed consolidated interim financial information (continued)
For the period ended June 30, 2021

4 Leases (continued)

Lease liabilities

Lease liabilities are presented in the condensed consolidated statement of financial position are as follows:

	June 30, 2021 (Unaudited) AED	December 31, 2020 (Audited) AED
Current liabilities	123,306	118,914
Non-current liabilities	407,343	463,936
	<u>530,649</u>	<u>582,850</u>

Interest expense on lease liabilities amounted to AED 13,511 (2020: AED 27,471) during the period.

Movement in the lease liabilities during the period/year are as follows:

	June 30, 2021 (Unaudited) AED	December 31, 2020 (Audited) AED
As at January 1,	582,850	685,999
Interest charged for the period/year	13,511	27,471
Payment of the principle portion during the period/year	(73,020)	(127,711)
Translation reserve	7,308	(2,909)
	<u>530,649</u>	<u>582,850</u>

5 Investments classified at fair value through other comprehensive income

	June 30, 2021 (Unaudited) AED	December 31, 2020 (Audited) AED
Quoted investments	5,579,896	4,119,494
Unquoted investments	2,227,852	2,200,394
	<u>7,807,748</u>	<u>6,319,888</u>

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

	June 30, 2021 (Unaudited) AED	December 31, 2020 (Audited) AED
As at January 1,	6,319,888	7,876,390
Changes in the fair value	1,391,614	(1,524,955)
Translation reserve	96,246	(31,547)
	<u>7,807,748</u>	<u>6,319,888</u>

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

Notes to the condensed consolidated interim financial information (continued)
For the period ended June 30, 2021

6 Investments classified at fair value through profit or loss

	June 30, 2021 (Unaudited) AED	December 31, 2020 (Audited) AED
Quoted investments	288,069	264,062
Unquoted investments	91,713	90,583
	<u>379,782</u>	<u>354,645</u>

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

	June 30, 2021 (Unaudited) AED	December 31, 2020 (Audited) AED
As at January 1,	354,645	417,744
Changes in fair value	24,006	(62,647)
Translation reserve	1,131	(452)
	<u>379,782</u>	<u>354,645</u>

7 Trade and other payables

	June 30, 2021 (Unaudited) AED	December 31, 2020 (Audited) AED
<i>Financial liabilities at amortised cost</i>		
Refundable deposits	820,733	882,027
Accrued expenses	766,400	577,570
Trade payables	253,112	392,551
Claims and other legal expenses payable	-	34,900,000
	<u>1,840,245</u>	<u>36,752,148</u>
<i>Non-financial liability</i>		
Rental income received in advance	1,977,996	1,325,138
	<u>3,818,241</u>	<u>38,077,286</u>

Claims and legal expenses payables were related to a legal case filed against the Group in December 1999. The Sharjah Union Supreme Court issued its final decision dated January 29, 2019 stating the final claim amount to be paid shall include the principle and interest equal to the principle amount. The final claim amount was calculated as AED 42.408 million. The outstanding liability of AED 34.9 million was paid during the period.

On March 2, 2020, the Group received a legal notice from Sharjah Court and Sharjah Land Department to attach all properties of the Group situated in the Emirate of Sharjah, United Arab Emirates. As at June 30, 2021, the total fair value of all these properties amounted to AED 183.05 million (Note 3). Consequently, the Group appealed against this notice and requested to limit the attachment to certain properties with sufficient fair value to cover the outstanding balance.

During the period the Group has fully settled the outstanding liability and accordingly all the properties attached have been released by the court.

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

Notes to the condensed consolidated interim financial information (continued)
For the period ended June 30, 2021

8 Borrowings

	June 30, 2021 (Unaudited) AED	December 31, 2020 (Audited) AED
Non-current liabilities	33,157,895	-
Current liabilities	1,842,105	-
	<u>35,000,000</u>	<u>-</u>

The Group has obtained loan during the period to settle legal claim and other legal expenses payables (Note 7) and has mortgaged certain investment properties as mentioned in Note 3. Loan is payable over a period of ten years carrying profit rate of 3 months EIBOR +3.5% (Minimum 5%) per annum.

9 Administrative and general expenses

	Three months period ended June 30, 2021 (Unaudited) AED	Three months period ended June 30, 2020 (Unaudited) AED	Six months period ended June 30, 2021 (Unaudited) AED	Six months period ended June 30, 2020 (Unaudited) AED
Staff costs	529,513	522,026	1,049,855	1,088,375
Salaries and other benefits to Chief Executive Officer	205,208	194,790	410,417	391,963
Legal and professional fees	164,425	97,022	336,926	274,804
Utilities	101,953	100,130	190,616	188,717
Allowance for expected credit loss of trade receivables	60,382	72,975	103,158	138,178
Depreciation on right-of-use assets	31,686	30,865	62,758	61,729
Depreciation on property and equipment	15,478	17,152	31,158	33,806
Other expenses	147,632	66,200	232,805	167,737
	<u>1,256,277</u>	<u>1,101,160</u>	<u>2,417,693</u>	<u>2,345,309</u>

10 Seasonality of results

The Group's income consists of rental and investment income. Rental income is not significantly affected by any seasonal impact as it depends on annual lease contracts which are recognised in the income statement on a straight-line method and in accordance with different terms of these contracts. In addition, there is limited fluctuation on the rent rates where the Group's investment properties are located. Investment income depends on market conditions, investment activities of the Group and declaration of profit by investee companies, which are of a seasonal nature. Accordingly, results of investment income for the period ended June 30, 2021 are not comparable to those relating to the comparative period and are not indicative of the results that might be expected for the year ending December 31, 2021.

11 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.

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

Sharjah Group Company P.J.S.C. and its Subsidiary
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Notes to the condensed consolidated interim financial information (continued)
For the period ended June 30, 2021

11 Related parties (continued)

Compensation of key management personnel

Key management personnel of the Company include the Chief Executive Officer and Directors. Key management personnel compensation includes the following:

	Three months period ended June 30, 2021 (Unaudited) AED	Three months period ended June 30, 2020 (Unaudited) AED	Six months period ended June 30, 2021 (Unaudited) AED	Six months period ended June 30, 2020 (Unaudited) AED
Salaries and other short-term employee benefits	191,686	181,200	383,372	364,783
End of service benefits	13,522	13,590	27,045	27,180
	<u>205,208</u>	<u>194,790</u>	<u>410,417</u>	<u>391,963</u>

12 Capital commitments

The Group has not entered into any capital commitments as at June 30, 2021 and December 31, 2020.

13 Basic and diluted earnings per share

	Three months period ended June 30, 2021 (Unaudited) AED	Three months period ended June 30, 2020 (Unaudited) AED	Six months period ended June 30, 2021 (Unaudited) AED	Six months period ended June 30, 2020 (Unaudited) AED
(Loss)/profit for the period	(9,743)	1,245,233	1,288,993	1,954,791
Weighted average number of shares	78,901,086	78,901,086	78,901,086	78,901,086
Basic and diluted earnings per share	<u>(0.000)</u>	<u>0.016</u>	<u>0.016</u>	<u>0.025</u>