

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

Interim Condensed Consolidated  
Financial Information (Unaudited)

For the period ended September 30, 2017

**Sharjah Group Company P.S.C. and its Subsidiary**  
**Interim Condensed Consolidated Financial Information (Unaudited)**  
**For the period ended September 30, 2017**

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

**Interim consolidated statement of financial position**  
**As at September 30, 2017**

	Notes	September 30, 2017 (Unaudited) AED	December 31, 2016 (Audited) AED
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment		169,701	129,075
Investment properties	3	235,990,420	235,755,320
Available for sale investments	4	2,555,701	3,543,976
Investments at fair value through other comprehensive income	5	17,481,600	18,289,325
		<u>256,197,422</u>	<u>257,717,696</u>
<b>Current assets</b>			
Investments at fair value through profit or loss	6	3,099,386	2,267,872
Trade and other receivables		1,150,005	754,281
Cash and cash equivalents		5,568,337	3,626,148
		<u>9,817,728</u>	<u>6,648,301</u>
<b>TOTAL ASSETS</b>		<u>266,015,150</u>	<u>264,365,997</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		78,901,086	78,901,086
Statutory reserve		29,777,838	29,777,838
Voluntary reserve		10,096,897	10,096,897
Fair value reserve		2,028,218	3,926,407
Foreign currency translation reserve		(439,190)	(731,814)
Retained earnings		51,996,635	49,208,609
<b>Total equity</b>		<u>172,361,484</u>	<u>171,179,023</u>
<b>Non-current liabilities</b>			
Employees' end of service benefits		900,849	784,784
<b>Current liabilities</b>			
Trade and other payables	7	62,725,130	62,032,117
Dividends payable		30,027,687	30,370,073
		<u>92,752,817</u>	<u>92,402,190</u>
<b>Total liabilities</b>		<u>93,653,666</u>	<u>93,186,974</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>266,015,150</u>	<u>264,365,997</u>

This interim condensed consolidated financial information was approved and authorised for issue by the Board of Directors on November 9, 2017 and were signed on their behalf by:

  
 Mr. Ziyad Mahmoud Khairullah Al Haji  
 Chairman

  
 Mr. Mohammed Al Wazzan  
 Managing Director

The accompanying notes from 1 to 12 form an integral part of this interim condensed consolidated financial information.

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

Interim consolidated statement of profit or loss  
and other comprehensive income  
For the period ended September 30, 2017 (Unaudited)

	Notes	Three months period ended September 30, 2017 AED	Three months period ended September 30, 2016 AED	Nine months period ended September 30, 2017 AED	Nine months period ended September 30, 2016 AED
Rental income		3,968,505	3,762,287	11,660,891	11,177,277
Dividend income		345,082	6,015	412,492	78,442
Unrealised gain/(loss) on investments at fair value through profit and loss	6	952,381	(176,566)	802,736	(341,688)
General and administrative expenses	8	(1,224,475)	(1,090,688)	(3,989,246)	(3,432,462)
Repairs and maintenance expenses		(261,480)	(243,386)	(957,106)	(767,960)
Provision for claims and settlement	7	(371,076)	(483,442)	(1,113,228)	(1,225,594)
Impairment loss on available for sale investments		(19,734)	-	(158,594)	(172,290)
Reversal of impairment loss on available for sale investments	4	-	188,227	-	318,771
Other income		39,146	80,928	126,123	759,451
<b>PROFIT FOR THE PERIOD</b>		<b>3,428,349</b>	<b>2,043,375</b>	<b>6,784,068</b>	<b>6,393,947</b>
<b>Other comprehensive income</b>					
<i>Items that will never be reclassified to profit or loss in subsequent periods</i>					
Changes in fair value of investment at fair value through other comprehensive income	5	-	6,236,352	(1,035,245)	5,543,424
<i>Items that are or may be reclassified to profit or loss in subsequent periods</i>					
Changes in value of available for sale investments	4	7,189	(80,028)	(862,943)	107,724
Foreign currency translation reserve		93,207	186,593	292,625	300,538
<b>Other comprehensive income</b>		<b>100,396</b>	<b>6,342,917</b>	<b>(1,605,565)</b>	<b>5,951,686</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>3,528,745</b>	<b>8,386,292</b>	<b>5,178,503</b>	<b>12,345,633</b>
<b>Basic and diluted earnings per share</b>	11	<b>0.043</b>	0.026	<b>0.086</b>	0.081

The accompanying notes from 1 to 12 form an integral part of this interim condensed consolidated financial information.

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

Interim condensed consolidated statement of changes in equity  
For the period ended September 30, 2017 (Unaudited)

	Share capital AED	Statutory reserve AED	Voluntary reserve AED	Fair value reserve AED	Foreign currency translation reserve AED	Retained earnings AED	Total AED
Balance at January 1, 2017	78,901,086	29,777,838	10,096,897	3,926,407	(731,814)	49,208,609	171,179,023
Profit for the period	-	-	-	-	-	6,784,068	6,784,068
Other comprehensive income for the period	-	-	-	(1,898,189)	292,624	-	(1,605,565)
Total comprehensive income for the period	-	-	-	(1,898,189)	292,624	6,784,068	5,178,503
Board of Directors' remuneration (Note 10)	-	-	-	-	-	(840,000)	(840,000)
Dividends declared	-	-	-	-	-	(3,156,042)	(3,156,042)
<b>Balance at September 30, 2017</b>	<b>78,901,086</b>	<b>29,777,838</b>	<b>10,096,897</b>	<b>2,028,218</b>	<b>(439,190)</b>	<b>51,996,635</b>	<b>172,361,484</b>

	Share capital AED	Statutory reserve AED	Voluntary reserve AED	Fair value reserve AED	Foreign currency translation reserve AED	Retained earnings AED	Total AED
Balance at January 1, 2016	78,901,086	27,499,924	7,818,983	224,439	(633,629)	44,061,558	157,872,361
Profit for the period	-	-	-	-	-	6,393,947	6,393,947
Other comprehensive income for the period	-	-	-	5,651,148	300,538	-	5,951,686
Total comprehensive income for the period	-	-	-	5,651,148	300,538	6,393,947	12,345,633
Board of Directors' remuneration (Note 10)	-	-	-	-	-	(490,000)	(490,000)
Dividends declared	-	-	-	-	-	(9,468,130)	(9,468,130)
Balance at September 30, 2016	78,901,086	27,499,924	7,818,983	5,875,587	(333,091)	40,497,375	160,259,864

The accompanying notes from 1 to 12 form an integral part of this interim condensed consolidated financial information.

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

Interim consolidated statement of cash flows  
For the period ended September 30, 2017 (Unaudited)

	Notes	Nine months period ended September 30, 2017 AED	Nine months period ended September 30, 2016 AED
<b>OPERATING ACTIVITIES</b>			
Profit for the period		6,784,068	6,393,947
<i>Adjustments to reconcile profit to net cash flows:</i>			
Provision for claims and settlement		1,113,228	1,225,594
Unrealised (gain)/loss on investments classified at fair value through profit or loss		(802,736)	341,688
Impairment loss on available for sale investments		158,594	172,290
Provision for employee's end of service benefits		116,398	103,939
Depreciation on property and equipment		98,578	146,506
Reversal of impairment loss on available for sale investments		-	(318,771)
		<b>7,468,130</b>	<b>8,065,193</b>
<i>Changes in working capital</i>			
Trade and other receivables		(395,724)	(210,966)
Trade and other payables		(1,260,215)	444,317
Cash from operations		<b>5,812,191</b>	<b>8,298,544</b>
Employee's end of service benefits paid		(333)	(300)
<b>Net cash flow from operating activities</b>		<b>5,811,858</b>	<b>8,298,244</b>
<b>INVESTING ACTIVITIES</b>			
Addition of investment properties	3	(235,100)	(5,903,797)
Purchase of property and equipment		(139,205)	(17,644)
Purchase of investments at fair value through profit of loss	6	-	(173,716)
<b>Net cash flow used in investing activities</b>		<b>(374,305)</b>	<b>(6,095,157)</b>
<b>FINANCING ACTIVITY</b>			
Dividends paid		(3,498,428)	(11,410,157)
<b>Net cash flow used in financing activity</b>		<b>(3,498,428)</b>	<b>(11,410,157)</b>
<b>Net change in cash and cash equivalents</b>		<b>1,939,125</b>	<b>(9,207,070)</b>
Exchange differences on translating foreign operations		3,064	1,786
Cash and cash equivalents, beginning of period		3,626,148	12,900,508
<b>Cash and cash equivalents, end of period</b>		<b>5,568,337</b>	<b>3,695,224</b>

The accompanying notes from 1 to 12 form an integral part of this interim condensed consolidated financial information.

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

## Notes to the interim condensed consolidated financial information For the period ended September 30, 2017

### 1 Legal status and principal activities

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

The Company holds the following investment as at September 30, 2017. The entity has been consolidated in these interim condensed financial information:

Name of subsidiary	Ownership interest		Country of operation and incorporation	Principal activity
	2017	2016		
Tarfan General Trading and Contracting (Ebrahim Ahmed Al-Manna'ei and Partners) W.L.L	100%	100%	State of Kuwait	General trading and Contracting – purchase and sale of shares and bonds for subsidiary's sake.

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

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

### 2 Summary of significant accounting policies

#### a) Basis of preparation

The interim condensed consolidated financial information of the Group has been prepared in accordance with International Accounting Standards 34: Interim Financial Reporting, and does not include all of the information and disclosures required in the annual financial statements in accordance with International Financial Reporting Standard (IFRS), and should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 2016.

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

Accounting policies, related adjustments, estimates and assumptions adopted for the preparation of this interim condensed consolidated financial information are the same as those applied in the preparation of the audited consolidated financial statements for the year ended December 31, 2016, except for new standards, interpretations and amendments mandatorily effective for the first time as of January 1, 2017 [refer note 2(d)].

#### b) Functional and presentation currency

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

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



Notes to the interim condensed consolidated financial information (continued)  
For the period ended September 30, 2017

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**2 Summary of significant accounting policies (continued)**

**c) Basis of consolidation**

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

**d) Standards, interpretations and amendments to existing standards that are effective in 2017**

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

***Disclosure Initiative (Amendments to IAS 7)***

The amendments in IAS 7 Statement of Cash Flows clarify that entities shall provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

***Annual Improvements to IFRS 2014–2016 Cycle – Amendments to IFRS 12***

The amendments clarify the scope of the standard by specifying that the disclosure requirements in the standard, except for those related to summarised financial information, also apply to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

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

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

**f) Significant judgement and estimates**

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

In preparing these interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied in preparing to the Group's consolidated statements for the year ended December 31, 2016.

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

Notes to the interim condensed consolidated financial information (continued)  
For the period ended September 30, 2017

**3 Investment properties**

	September 30, 2017 AED (Unaudited)	December 31, 2016 AED (Audited)
Balance at January 1,	235,755,320	216,747,723
Additions during the period / year	235,100	7,691,897
Gain on fair valuation of investment properties	-	11,315,700
	<u>235,990,420</u>	<u>235,755,320</u>

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

**Fair value**

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

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 Available for sale investments**

	September 30, 2017 (Unaudited) AED	December 31, 2016 (Audited) AED
Unquoted investments	<u>2,555,701</u>	<u>3,543,976</u>

The movement in available for sale investments is as follows:

	September 30, 2017 (Unaudited) AED	December 31, 2016 (Audited) AED
Balance at January 1,	3,543,976	3,090,171
Changes in the fair value	(862,943)	583,792
Impairment losses	(158,594)	(115,789)
Translation reserve	33,262	(14,198)
	<u>2,555,701</u>	<u>3,543,976</u>

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

Notes to the interim condensed consolidated financial information (continued)  
For the period ended September 30, 2017

**5 Investments at fair value through other comprehensive income**

	September 30, 2017 (Unaudited) AED	December 31, 2016 (Audited) AED
Quoted investments	<u>17,481,600</u>	<u>18,289,325</u>

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

	September 30, 2017 (Unaudited) AED	December 31, 2016 (Audited) AED
Balance at January 1,	18,289,325	15,244,416
Changes in fair value	(1,035,245)	3,118,176
Translation reserve	227,520	(73,267)
	<u>17,481,600</u>	<u>18,289,325</u>

**6 Investments classified at fair value through profit or loss**

	September 30, 2017 (Unaudited) AED	December 31, 2016 (Audited) AED
Quoted investments	3,016,470	2,265,979
Unquoted investments	82,916	1,893
	<u>3,099,386</u>	<u>2,267,872</u>

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

	September 30, 2017 (Unaudited) AED	December 31, 2016 (Audited) AED
Balance at January 1,	2,267,872	2,260,259
Purchased during the period / year	-	173,717
Change in fair value	802,736	(158,099)
Translation reserve	28,778	(8,005)
	<u>3,099,386</u>	<u>2,267,872</u>

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

**Notes to the interim condensed consolidated financial information (continued)**  
**For the period ended September 30, 2017**

**7 Trade and other payables**

	September 30, 2017 (Unaudited) AED	December 31, 2016 (Audited) AED
Trade payables	614,291	1,351,911
Provision for claims and other legal expenses	58,683,027	57,569,799
Rental income received in advance	1,967,413	1,717,538
Refundable deposits	1,016,879	1,010,962
Accrued expenses	443,520	381,907
	<u>62,725,130</u>	<u>62,032,117</u>

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

During the period, the claim amount has been fully provided as at September 30, 2017.

**8 General and administrative expenses**

	Three months period ended September 30, 2017 AED	Three months period ended September 30, 2016 AED	Nine months period ended September 30, 2017 AED	Nine months period ended September 30, 2016 AED
Staff costs	589,788	437,828	1,707,242	1,339,960
Salaries and other benefits to executive director	141,125	159,382	530,156	546,718
Legal and professional fees	88,254	182,833	737,607	473,077
Rent	35,946	36,090	107,838	108,270
Depreciation	29,654	48,377	98,578	146,506
Directors' sitting fee	-	-	-	146,500
Others	339,708	226,178	807,825	671,431
	<u>1,224,475</u>	<u>1,090,688</u>	<u>3,989,246</u>	<u>3,432,462</u>

**9 Seasonality of results**

The Group's income consists of rental and investment income. Rental income is not significantly affected by any seasonal impact as it depends on annual lease contracts which is recognised in the 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 September 30, 2017 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, 2017.

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

Notes to the interim condensed consolidated financial information (continued)  
For the period ended September 30, 2017

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

**Compensation of key management personnel**

Details of related party transactions entered into during the period are set out below. These transactions have been carried out at the terms mutually agreed between the related parties. There was no outstanding balance receivable or payable to related parties as at September 30, 2017. (December 31, 2016: AED Nil).

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

	<b>Three months period ended September 30, 2017 AED</b>	Three months period ended September 30, 2016 AED	<b>Nine months period ended September 30, 2017 AED</b>	Nine months period ended September 30, 2016 AED
Salaries and other short-term employee benefits	126,747	150,359	497,805	519,650
Directors' sitting fee	-	-	-	146,500
Directors' other expenses	10,745	-	40,137	-
Board of Directors' remuneration	-	-	840,000	490,000
End of service benefits charged to profit and loss	14,378	9,023	32,351	27,068

**Board of Directors' remuneration**

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

**11 Basic and diluted earnings per share**

	<b>Three months period ended September 30, 2017 AED</b>	Three months period ended September 30, 2016 AED	<b>Nine months period ended September 30, 2017 AED</b>	Nine months period ended September 30, 2016 AED
Profit for the period	3,428,348	2,043,375	6,784,068	6,393,947
Weighted average number of shares	78,901,086	78,901,086	78,901,086	78,901,086
Basic and diluted earnings per share	<b>0.043</b>	0.026	<b>0.086</b>	0.081
Basic and diluted earnings per share	<b>4.34 fills</b>	2.59 fills	<b>8.59 fills</b>	8.10 fills

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

**Notes to the interim condensed consolidated financial information (continued)  
For the period ended September 30, 2017**

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**12 Capital commitments**

**Capital commitments**

At September 30, 2017, the Group had estimated capital commitments of construction of investment properties of AED 235,370 (December 31, 2016: AED 235,370).

**Operating lease agreements – Company as lessor**

The Group has entered into various operating lease agreements for investments properties. As at the period end, the future lease amounting to AED 6,830,167 (December 31, 2016: AED 7,470,813) are due within one year, future lease amounting to AED 865,000 (December 31, 2016: AED 1,300,000) are due above one year to five years, from the statement of financial position date under these operating leases.