

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

Interim Condensed Consolidated
Financial Information (Unaudited)

For the period ended June 30, 2017

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

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Sharjah Group Company P.S.C. ("the Company") and its Subsidiary ("the Group") as at June 30, 2017 and the related interim condensed consolidated statement of profit or loss and other comprehensive income for the three months and six months periods then ended and the related interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six months period then ended, and explanatory notes. Management is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with IAS 34 *Interim Financial Reporting* ("IAS 34"). Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

Scope of Review

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

Conclusion

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



GRANT THORNTON

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



July 18, 2017

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

Interim condensed consolidated statement of financial position
As at June 30, 2017

	Notes	June 30, 2017 (Unaudited) AED	December 31, 2016 (Audited) AED
ASSETS			
Non-current assets			
Property and equipment		155,191	129,075
Investment properties	3	235,928,200	235,755,320
Available for sale investments	4	2,558,256	3,543,976
Investments at fair value through other comprehensive income	5	17,412,480	18,289,325
		<u>256,054,127</u>	<u>257,717,696</u>
Current assets			
Investments at fair value through profit or loss	6	2,134,808	2,267,872
Trade and other receivables		1,031,457	754,281
Cash and cash equivalents		3,418,030	3,626,148
		<u>6,584,295</u>	<u>6,648,301</u>
TOTAL ASSETS		<u>262,638,422</u>	<u>264,365,997</u>
EQUITY AND LIABILITIES			
Equity			
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		2,021,029	3,926,407
Foreign currency translation reserve		(532,397)	(731,814)
Retained earnings		48,568,287	49,208,609
Total equity		<u>168,832,740</u>	<u>171,179,023</u>
Non-current liabilities			
Employees' end of service benefits		857,978	784,784
Current liabilities			
Trade and other payables	7	62,948,378	62,032,117
Dividends payable		29,999,326	30,370,073
		<u>92,947,704</u>	<u>92,402,190</u>
Total liabilities		<u>93,805,682</u>	<u>93,186,974</u>
TOTAL EQUITY AND LIABILITIES		<u>262,638,422</u>	<u>264,365,997</u>

This interim condensed consolidated financial information was approved and authorised for issue by the Board of Directors on July 18, 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 condensed consolidated statement of profit or loss
and other comprehensive income
For the period ended June 30, 2017 (Unaudited)

	Notes	Three months period ended June 30, 2017 AED	Three months period ended June 30, 2016 AED	Six months period ended June 30, 2017 AED	Six months period ended June 30, 2016 AED
Rental income		3,874,678	3,730,458	7,692,386	7,414,990
Dividend income		67,410	58,123	67,410	72,427
Unrealised loss on investments at fair value through profit and loss		(336,398)	(81,402)	(149,645)	(165,122)
General and administrative expenses	8	(1,417,591)	(1,165,789)	(2,764,771)	(2,341,774)
Repairs and maintenance expenses		(356,449)	(253,170)	(695,626)	(524,574)
Provision for claims and settlement		(371,076)	(371,076)	(742,152)	(742,152)
Impairment loss on available for sale investments		(85,503)	(8,074)	(138,859)	(212,656)
Reversal of Impairment loss on available for sale investments		-	499,630	-	170,910
Other income		34,855	591,974	86,977	678,523
PROFIT FOR THE PERIOD		1,409,926	3,000,674	3,355,720	4,350,572
Other comprehensive income					
<i>Items that will never be reclassified to profit or loss in subsequent periods</i>					
Changes in fair value of investment at fair value through other comprehensive income		-	-	(1,035,245)	(692,928)
<i>Items that are or may be reclassified to profit or loss in subsequent periods</i>					
Changes in value of available for sale investments		(859,517)	130,693	(870,133)	187,752
Foreign currency translation reserve		116,549	(61,963)	199,417	113,945
Other comprehensive income		(742,967)	68,730	(1,705,961)	(391,231)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		666,959	3,069,404	1,649,759	3,959,341
Basic and diluted earnings per share	11	0.0179	0.038	0.0425	0.055

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 June 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	-	-	-	-	-	3,355,720	3,355,720
Other comprehensive income for the period	-	-	-	(1,905,378)	199,417	-	(1,705,961)
Total comprehensive income for the period	-	-	-	(1,905,378)	199,417	3,355,720	1,649,759
Board of Directors' remuneration (Note 10)	-	-	-	-	-	(840,000)	(840,000)
Dividends declared	-	-	-	-	-	(3,156,042)	(3,156,042)
Balance at June 30, 2017	78,901,086	29,777,838	10,096,897	2,021,029	(532,397)	48,568,287	168,832,740

	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	-	-	-	-	-	4,350,572	4,350,572
Other comprehensive income for the period	-	-	-	(505,176)	113,945	-	(391,231)
Total comprehensive income for the period	-	-	-	(505,176)	113,945	4,350,572	3,959,341
Board of Directors' remuneration (Note 10)	-	-	-	-	-	(490,000)	(490,000)
Dividends declared	-	-	-	-	-	(9,468,130)	(9,468,130)
Balance at June 30, 2016	78,901,086	27,499,924	7,818,983	(280,737)	(519,684)	38,454,000	151,873,572

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 cash flows
For the period ended June 30, 2017 (Unaudited)

	Notes	Six months period ended June 30, 2017 AED	Six months period ended June 30, 2016 AED
OPERATING ACTIVITIES			
Profit for the period		3,355,720	4,350,572
<i>Adjustments to reconcile profit to net cash flows:</i>			
Provision for claims and settlement		742,152	742,152
Unrealised loss on investments classified at fair value through profit or loss		149,645	165,122
Impairment loss on available for sale investments		138,859	212,656
Provision for employee's end of service benefits		73,194	67,649
Depreciation on property and equipment		68,924	98,129
Reversal of impairment loss on available for sale investments		-	(170,910)
		<u>4,528,494</u>	<u>5,465,370</u>
<i>Changes in working capital</i>			
Trade and other receivables		(277,175)	(47,796)
Trade and other payables		(665,891)	414,564
Cash from operations		3,585,428	5,832,138
Employee's end of service benefits paid		-	(300)
Net cash from operating activities		<u>3,585,428</u>	<u>5,831,838</u>
INVESTING ACTIVITIES			
Purchase of property and equipment		(95,040)	(5,530)
Purchase of investments at fair value through profit of loss	6	-	(173,716)
Addition of investment property	3	(172,880)	(4,223,024)
Net cash used in investing activities		<u>(267,920)</u>	<u>(4,402,270)</u>
FINANCING ACTIVITIES			
Dividends paid		(3,526,789)	(10,506,193)
Net cash used in financing activities		<u>(3,526,789)</u>	<u>(10,506,193)</u>
Net change in cash and cash equivalents		(209,281)	(9,076,625)
Exchange differences on translating foreign operations		1,164	1,041
Cash and cash equivalents, beginning of period		3,626,148	12,900,508
Cash and cash equivalents, end of period		<u><u>3,418,030</u></u>	<u><u>3,824,924</u></u>

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 June 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 investment in following entity as at June 30, 2017 which 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 required in annual financial statements in accordance with International Financial Reporting Standard (IFRS), and should be read in conjunction with the consolidated financial statements of the Group for the year ended December 31, 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 which are stated at fair value.

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

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

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

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, 2017 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 June 30, 2017

3 Investment properties

	June 30, 2017 AED (Unaudited)	December 31, 2016 AED (Audited)
Balance at January 1,	235,755,320	216,747,723
Additions during the period / year	172,880	7,691,897
Unrealized gain on revaluation of investment properties at fair value	-	11,315,700
	<u>235,928,200</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, the current lease arrangements, which are entered into on an arm's length basis. Furthermore, fair values have also been determined, where relevant, having regard to recent market transactions for similar properties in the same locations as the Group's investment properties.

4 Available for sale investments

	June 30, 2017 (Unaudited) AED	December 31, 2016 (Audited) AED
Unquoted investments	<u>2,558,256</u>	<u>3,543,976</u>

The movement in available for sale investments is as follows:

	June 30, 2017 (Unaudited) AED	December 31, 2016 (Audited) AED
Balance at January 1,	3,543,976	3,090,171
Changes in the fair value	(870,133)	583,792
Impairment losses	(138,859)	(115,789)
Translation reserve	23,272	(14,198)
	<u>2,558,256</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 June 30, 2017

5 Investments at fair value through other comprehensive income

	June 30, 2017 (Unaudited) AED	December 31, 2016 (Audited) AED
Quoted investments	17,412,480	18,289,325

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

	June 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	158,400	(73,267)
	<u>17,412,480</u>	<u>18,289,325</u>

6 Investments classified at fair value through profit or loss

	June 30, 2017 (Unaudited) AED	December 31, 2016 (Audited) AED
Quoted investments	2,133,853	2,265,979
Unquoted investments	955	1,893
	<u>2,134,808</u>	<u>2,267,872</u>

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

	June 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	(149,645)	(158,099)
Translation reserve	16,581	(8,005)
	<u>2,134,808</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 June 30, 2017

7 Trade and other payables

	June 30, 2017 (Unaudited) AED	December 31, 2016 (Audited) AED
Trade payables	910,321	1,351,911
Provision for claims and other legal expenses	58,311,951	57,569,799
Rental income received in advance	2,257,831	1,717,538
Refundable deposits	1,030,529	1,010,962
Accrued expenses	437,746	381,907
	<u>62,948,378</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 22 June 1992 to the date of settlement.

During the period, the claimed amount has been fully provided as at June 30, 2017.

8 General and administrative expenses

	Three months period ended June 30, 2017 AED	Three months period ended June 30, 2016 AED	Six months period ended June 30, 2017 AED	Six months period ended June 30, 2016 AED
Staff costs	632,218	427,666	1,117,094	902,132
Salaries and other benefits to executive director	198,290	200,886	389,391	387,336
Legal and professional fees	255,564	164,024	649,353	290,244
Directors sitting fee	-	56,500	-	146,500
Depreciation	35,501	48,656	68,924	98,129
Rent	35,946	36,090	71,892	72,180
Others	260,072	231,967	468,117	445,253
	<u>1,417,591</u>	<u>1,165,789</u>	<u>2,764,771</u>	<u>2,341,774</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 are less fluctuation currently on rent rates in the location areas of the Group's investment properties. While the investment income depends on market conditions, investment activities of the Group and declaration of profit by investee companies, which are of a seasonal nature. Accordingly, results of investment income for the period ended June 30, 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 June 30, 2017

10 Related parties

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

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

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

Compensation of key management personnel

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

	Three months period ended June 30, 2017 AED	Three months period ended June 30, 2016 AED	Six months period ended June 30, 2017 AED	Six months period ended June 30, 2016 AED
Salaries and other short-term employee benefits	180,316	191,864	371,418	369,291
Directors' sitting fee	-	54,500	-	146,500
Directors' other expenses	29,392	-	29,392	-
Board of Directors' remuneration	-	-	840,000	490,000
End of service benefits charged to profit and loss	17,973	9,022	17,973	18,045

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

	Three months period ended June 30, 2017 AED	Three months period ended June 30, 2016 AED	Six months period ended June 30, 2017 AED	Six months period ended June 30, 2016 AED
Profit for the period	1,409,926	3,000,674	3,355,720	4,350,572
Weighted average number of shares	78,901,086	78,901,086	78,901,086	78,901,086
Basic and diluted earnings per share	0.018	0.038	0.043	0.055
Basic and diluted earnings per share	1.79 fils	3.80 fils	4.25 fils	5.51 fils

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Interim Condensed Consolidated Financial Information

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

12 Capital commitments

Capital commitments

At June 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 7,629,235 (December 31, 2016: AED 7,470,813) are due within one year, future lease amounting to AED 975,000 (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.