

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

Interim Condensed Consolidated  
Financial Information (Unaudited)

For the period ended March 31, 2018

**Sharjah Group Company P.S.C. and its Subsidiary**  
**Interim Condensed Consolidated Financial Information (Unaudited)**  
**For the period ended March 31, 2018**

**Table of contents**

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	<b>Page</b>
Report on review of the interim condensed consolidated financial information	1
Interim condensed consolidated statement of financial position	2
Interim condensed consolidated statement of profit or loss and other comprehensive income	3
Interim condensed consolidated statement of changes in equity	4
Interim condensed consolidated statement of cash flows	5
Notes to the interim condensed consolidated financial information	6 - 12

## Report on review of the interim condensed consolidated financial information

to the Shareholders of Sharjah Group Company P.S.C. and its subsidiary

### Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Sharjah Group Company P.S.C. (“the Company”) and its Subsidiary (“the Group”) as at March 31, 2018, comprising of the interim condensed consolidated statement of financial position as at March 31, 2018 and the related interim condensed consolidated statement of profit or loss and other comprehensive income, interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the three 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



April 30, 2018

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

**Interim condensed consolidated statement of financial position**  
**As at March 31, 2018**

	Notes	March 31, 2018 (Unaudited) AED	December 31, 2017 (Audited) AED
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment		219,875	225,791
Investment properties	3	247,482,272	247,122,700
Investments at fair value through other comprehensive income	4	16,118,570	19,443,092
		<u>263,820,717</u>	<u>266,791,583</u>
<b>Current assets</b>			
Investments at fair value through profit or loss	5	2,356,093	2,534,486
Trade and other receivables		1,616,867	1,294,105
Cash and bank balances		7,928,491	7,261,895
		<u>11,901,451</u>	<u>11,090,486</u>
<b>TOTAL ASSETS</b>		<u>275,722,168</u>	<u>277,882,069</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		78,901,086	78,901,086
Statutory reserve		31,774,685	31,774,685
Voluntary reserve		12,093,743	12,093,743
Fair value reserve		(2,061,056)	1,362,515
Foreign currency translation reserve		(356,620)	(466,213)
Retained earnings		54,463,085	60,377,461
<b>Total equity</b>		<u>174,814,923</u>	<u>184,043,277</u>
<b>Non-current liabilities</b>			
Employees' end of service benefits		983,155	938,320
<b>Current liabilities</b>			
Trade and other payables	6	63,959,856	62,963,782
Dividends payable		35,964,234	29,936,690
		<u>99,924,090</u>	<u>92,900,472</u>
<b>Total liabilities</b>		<u>100,907,245</u>	<u>93,838,792</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>275,722,168</u>	<u>277,882,069</u>

This interim condensed consolidated financial information was approved and authorised for issue by the Board of Directors on April 30, 2018 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 11 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 March 31, 2018 (Unaudited)

	Notes	Three months period ended March 31, 2018 AED	Three months period ended March 31, 2017 AED
Rental income		3,764,206	3,817,708
Unrealised (loss)/gain on investments at fair value through profit and loss		(388,473)	186,753
General and administrative expenses	7	(1,391,272)	(1,347,180)
Repairs and maintenance expenses		(371,274)	(339,177)
Provision for claims and settlements		(371,076)	(371,076)
Impairment loss		-	(53,356)
Other income		30,601	52,122
<b>PROFIT FOR THE PERIOD</b>		<b>1,272,712</b>	<b>1,945,794</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		(3,423,571)	(1,045,861)
<i>Items that are or may be reclassified to profit or loss in subsequent periods</i>			
Foreign currency translation reserve		109,593	82,867
<b>Other comprehensive loss</b>		<b>(3,313,978)</b>	<b>(962,994)</b>
<b>TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD</b>		<b>(2,041,266)</b>	<b>982,800</b>
<b>Basic and diluted earnings per share</b>	10	<b>0.016</b>	<b>0.025</b>

The accompanying notes from 1 to 11 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 March 31, 2018 (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, 2018	78,901,086	31,774,685	12,093,743	1,362,515	(466,213)	60,377,461	184,043,277
Profit for the period	-	-	-	-	-	1,272,712	1,272,712
Other comprehensive (loss)/income for the period	-	-	-	(3,423,571)	109,593	-	(3,313,978)
Total comprehensive (loss)/income for the period	-	-	-	(3,423,571)	109,593	1,272,712	(2,041,266)
Dividends declared	-	-	-	-	-	(6,312,088)	(6,312,088)
Board of Directors' remuneration (Note 9)	-	-	-	-	-	(875,000)	(875,000)
<b>Balance at March 31, 2018</b>	<b>78,901,086</b>	<b>31,774,685</b>	<b>12,093,743</b>	<b>(2,061,056)</b>	<b>(356,620)</b>	<b>54,463,085</b>	<b>174,814,923</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, 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	-	-	-	-	-	1,945,794	1,945,794
Other comprehensive (loss)/income for the period	-	-	-	(1,045,861)	82,867	-	(962,994)
Total comprehensive (loss)/income for the period	-	-	-	(1,045,861)	82,867	1,945,794	982,800
Dividends declared	-	-	-	-	-	(3,156,037)	(3,156,037)
Board of Directors' remuneration (Note 9)	-	-	-	-	-	(840,000)	(840,000)
Balance at March 31, 2017	78,901,086	29,777,838	10,096,897	2,880,546	(648,947)	47,158,366	168,165,786

The accompanying notes from 1 to 11 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 March 31, 2018 (Unaudited)

	Notes	Three months period ended March 31, 2018 AED	Three months period ended March 31, 2017 AED
<b>OPERATING ACTIVITIES</b>			
Profit for the period		1,272,712	1,945,794
<i>Adjustments to reconcile profit to net cash flows:</i>			
Unrealised loss/(gain) on investments classified at fair value through profit or loss	5	388,473	(186,753)
Provision for employees' end of service benefits		44,835	38,036
Depreciation on property and equipment		16,928	33,423
Impairment loss		-	53,356
Provision for claims and settlement	6	371,076	371,076
		<u>2,094,024</u>	<u>2,254,932</u>
<i>Changes in working capital</i>			
Trade and other receivables		(322,762)	(127,508)
Trade and other payables	6	624,999	(643,290)
<b>Net cash flow from operating activities</b>		<u>2,396,261</u>	<u>1,484,134</u>
<b>INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(11,012)	(18,208)
Purchase of investments at fair value through profit of loss	7	(198,553)	-
Addition of investment properties	3	(359,572)	(25,910)
<b>Net cash flow used in investing activities</b>		<u>(569,137)</u>	<u>(44,118)</u>
<b>FINANCING ACTIVITIES</b>			
Dividends paid		(284,545)	(66,770)
Board remuneration paid	9	(875,000)	-
<b>Net cash flow used in financing activities</b>		<u>(1,159,545)</u>	<u>(66,770)</u>
<b>Net change in Cash and bank balances</b>		<b>667,579</b>	<b>1,373,246</b>
Exchange differences on translating foreign operations		(983)	741
Cash and bank balances, beginning of period		7,261,895	3,626,148
<b>Cash and bank balances, end of period</b>		<u><u>7,928,491</u></u>	<u><u>5,000,135</u></u>

The accompanying notes from 1 to 11 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 March 31, 2018**

**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 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 March 31, 2018 which has been consolidated in these interim condensed financial information:

Name of subsidiary	Ownership interest		Country of operation and incorporation	Principal activity
	2018	2017		
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 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, 2017.

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, 2017, except for new standards, interpretations and amendments mandatorily effective for the first time as of January 1, 2018 [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.



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 March 31, 2018

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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 2018**

Except as described below, the accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended December 31, 2017. The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending December 31, 2018.

**IFRS 15 Revenue from Contracts with Customers**

IFRS 15 establishes a single comprehensive five-step model for entities to use in accounting for revenue arising from contracts with customers. It superseded the following revenue Standards and Interpretations.

- IAS 18 *Revenue*;
- IAS 11 *Construction Contracts*;
- IFRIC 13 *Customer Loyalty Programmes*;
- IFRIC 15 *Agreements for the Construction of Real Estate*;
- IFRIC 18 *Transfers of Assets from Customers*; and
- SIC 31 *Revenue-Barter Transactions Involving Advertising Services*.

The five steps in the model are as follows:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contracts; and
- Recognise revenue when (or as) the entity satisfies a performance obligation.

The Group has initially adopted IFRS 15 Revenue from Contracts with Customers. IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. January 1, 2018). Accordingly, the information presented for 2017 has not been restated.

**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.

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 March 31, 2018

**2 Summary of significant accounting policies**

**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, 2017.

**3 Investment properties**

	March 31, 2018 AED (Unaudited)	December 31, 2017 AED (Audited)
Balance at January 1,	247,122,700	235,755,320
Additions during the period / year	359,572	258,550
Unrealized gain on revaluation of investment properties at fair value	-	11,108,830
	<u>247,482,272</u>	<u>247,122,700</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, 2017.

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 Investments at fair value through other comprehensive income**

	March 31, 2018 (Unaudited) AED	December 31, 2017 (Audited) AED
Quoted investments	13,849,258	17,187,725
Unquoted investments	2,269,312	2,255,367
	<u>16,118,570</u>	<u>19,443,092</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 March 31, 2018

**4 Investments at fair value through other comprehensive income (continued)**

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

	<b>March 31, 2018 (Unaudited) AED</b>	December 31, 2017 (Audited) AED
Balance at January 1,	19,443,092	21,833,301
Changes in the fair value	(3,423,571)	(2,585,594)
Sale of investment	-	(41,846)
Translation reserve	99,049	237,231
	<b>16,118,570</b>	<b>19,443,092</b>

In 2017, the Group sold certain shares for an amount of AED 63,548 where the realized gain on sale amounted to AED 21,702.

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

	<b>March 31, 2018 (Unaudited) AED</b>	December 31, 2017 (Audited) AED
Quoted investments	2,278,994	2,457,861
Unquoted investments	77,099	76,625
	<b>2,356,093</b>	<b>2,534,486</b>

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

	<b>March 31, 2018 (Unaudited) AED</b>	December 31, 2017 (Audited) AED
Balance at January 1,	2,534,486	2,267,872
Purchased during the period/year	198,553	-
Change in fair value	(388,473)	242,721
Translation reserve	11,527	23,893
	<b>2,356,093</b>	<b>2,534,486</b>

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 March 31, 2018

**6 Trade and other payables**

	March 31, 2018 (Unaudited) AED	December 31, 2017 (Audited) AED
<i>Financial liabilities</i>		
Trade payables	903,492	741,808
Provision for claims and other legal expenses	59,425,179	59,054,103
Refundable deposits	940,357	956,028
Accrued expenses	390,294	469,892
	<u>61,659,322</u>	<u>61,221,831</u>
<i>Non-financial liabilities</i>		
Rental income received in advance	2,300,534	1,741,951
	<u>63,959,856</u>	<u>62,963,782</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 March 31, 2018.

**7 General and administrative expenses**

	Three months period ended March 31, 2018 AED	Three months period ended March 31, 2017 AED
Staff costs	664,713	484,876
Salaries and other benefits to Executive Director	208,002	191,101
Legal and professional fees	167,408	393,789
Utilities	91,396	74,794
Provisional for doubtful	50,830	11,050
Other benefits expenses for Directors	44,391	15,218
Rent	36,390	35,946
Depreciation	16,928	33,423
Others	111,214	106,983
	<u>1,391,272</u>	<u>1,347,180</u>

**8 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 March 31, 2018 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, 2018.

**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 March 31, 2018**

**9 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.

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 March 31, 2018. (December 31, 2016: AED Nil).

**Compensation of key management personnel**

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

	<b>Three months period ended March 31, 2018 AED</b>	<b>Three months period ended March 31, 2017 AED</b>
Board of Directors' remuneration	875,000	840,000
Salaries and other short-term employee benefits	193,446	182,114
End of service benefits	14,556	8,987
Other expenses for Directors	44,391	15,218

**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.

**10 Basic and diluted earnings per share**

	<b>Three months period ended March 31, 2018 AED</b>	<b>Three months period ended March 31, 2017 AED</b>
Profit for the period	1,272,712	1,945,794
Weighted average number of shares	78,901,086	78,901,086
Basic and diluted earnings per share	<b>0.016</b>	<b>0.025</b>
Basic and diluted earnings per share	<b>1.61 fils</b>	<b>2.5 fils</b>

**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 March 31, 2018**

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**11 Capital commitments**

**Capital commitments**

At March 31, 2018, the Group had estimated capital commitments of construction of investment properties of AED 235,370 (December 31, 2017: 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 6,424,865 (December 31, 2017: AED 7,363,844) are due within one-year, future lease amounting to AED 555,000 (December 31, 2017: AED 697,500) are due above one year to five years, from the statement of financial position date under these operating leases.