Sharjah Group Company P.S.C. and its subsidiary

Condensed consolidated interim financial information (unaudited)

30 September 2015

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Contents	***Page***

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Independent Auditors' Report on review of the condensed consolidated interim financial information

The Shareholders
Sharjah Group Company P.S.C.

Introduction

We have reviewed the accompanying 30 September 2015 condensed consolidated interim financial information of Sharjah Group P.S.C. ("the Company") and its subsidiary (collectively referred to as "the Group"), which comprises:

- the condensed consolidated interim statement of financial position as at 30 September 2015;
- the condensed consolidated interim statement of profit or loss and other comprehensive income for the three month and nine month periods ended 30 September 2015;
- the condensed consolidated interim statement of changes in equity for the nine month period ended 30 September 2015;
- the condensed consolidated interim statement of cash flows for the nine month period ended 30 September 2015; and
- notes to the condensed consolidated interim financial information.

Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, 'Interim Financial Reporting'. 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 the 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 30 September 2015 condensed consolidated interim financial information is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting".

KPMG

KPMG Lower Gulf Limited
Muhammad Tariq
Registration No: 793
Dubai, United Arab Emirates
Date: 27 OCT 2015

Sharjah Group Company P.S.C. and its subsidiary

Condensed consolidated interim statement of profit or loss and other comprehensive income (unaudited)

for the nine month period ended 30 September 2015

	Note	Nine month period ended 30 September 2015 AED	Nine month period ended 30 September 2014 AED	Three month period ended 30 September 2015 AED	Three month period ended 30 September 2014 AED
Rental income		**10,400,241**	9,357,707	**3,571,021**	3,258,019
Dividend income		**73,783**	595,575	-	173,808
Gain on sale of investment properties		**108,363**	-	-	-
Impairment charged on investment classified at fair value through profit or loss	*9*	**(350,868)**	-	**(350,868)**	-
Unrealised loss on investment classified at fair value through profit or loss	*9*	**(183,427)**	(909,927)	**(104,848)**	(333,792)
Administrative and general expenses	*5*	**(3,859,823)**	(3,659,385)	**(1,065,809)**	(1,220,263)
Repairs and maintenance expenses		**(639,226)**	(533,313)	**(231,993)**	(214,617)
Property and equipment written off		-	(342,785)	-	-
Finance expense on claims payable		**(1,113,228)**	(1,113,228)	**(371,076)**	(371,076)
Other income		**263,858**	126,963	**88,814**	53,228
Profit for the period		**4,699,674**	3,521,607	**1,535,241**	1,345,307
Other comprehensive income					
Change in value of available for sale investment		**(877,477)**	25,670	**(238,789)**	391,880
Net change in fair value of investments classified at fair value through other comprehensive income		**1,292,890**	752,083	**1,292,890**	-
Foreign currency translation reserve		**(569,026)**	(443,731)	**(45,374)**	(329,241)
Total comprehensive income for the period		**4,546,060**	3,855,629	**2,543,968**	1,407,946
Basic and diluted earnings per share	16	**5.96**	4.46	**1.95**	1.70

The notes on pages 6 to 10 are an integral part of this condensed consolidated interim financial information.

The independent auditors' report on review of the condensed consolidated interim financial information is set out on page 1.

Sharjah Group Company P.S.C. and its subsidiary

Condensed consolidated interim statement of financial position (unaudited)
at 30 September 2015

	Note	(Unaudited) 30 September 2015 AED	(Audited) 31 December 2014 AED
Non-current assets			
Property and equipment		**351,762**	475,290
Investment properties	*6*	**207,535,723**	208,613,209
Available for sale investments	*7*	**2,971,496**	3,942,877
Investments classified at fair value through other comprehensive income	*8*	**13,646,868**	12,785,242
		224,505,849	225,816,618
Current assets			
Investments classified at fair value through profit or loss	*9*	**1,618,728**	1,083,180
Trade and other receivables		**798,569**	644,830
Cash in hand and at banks		**11,665,287**	10,839,244
		14,082,584	12,567,254
Current liabilities			
Trade and other payables	*10*	**59,271,838**	57,888,717
Dividends payable		**33,343,953**	31,307,782
		92,615,791	89,196,499
Net current liabilities		**(78,533,207)**	(76,629,245)
Staff terminal benefits	*11*	**(618,720)**	(489,403)
Net assets		**145,353,922**	148,697,970
Represented by:			
Share capital	*12*	**78,901,086**	78,901,086
Statutory reserve	*13*	**25,673,296**	25,673,296
Voluntary reserve	*14*	**5,992,355**	5,992,355
Foreign currency translation reserve		**(464,180)**	104,846
Fair value reserve		**(2,310,283)**	(2,725,696)
Retained earnings		**37,561,648**	40,752,083
		145,353,922	148,697,970

The notes on pages 6 to 10 are an integral part of this condensed consolidated interim financial information.

This condensed consolidated interim financial information were approved and authorised for issue by the Board of Directors on 27 OCT 2015 and were signed on their behalf by:

Director

Director

The independent auditors' report on review of the condensed consolidated interim financial information is set out on page 1.

Sharjah Group Company P.S.C. and its subsidiary

Condensed consolidated interim statement of cash flows (unaudited)

for the nine month period ended 30 September 2015

	Nine month period ended 30 September 2015 AED	2014 AED
Operating activities		
Profit for the period	**4,699,674**	3,521,607
Adjustments for:		
Unrealised loss on investments classified at fair value through profit or loss	**183,427**	909,927
Impairment charged on investment classified at fair value through profit or loss	**350,868**	-
Provision for staff terminal benefits	**159,595**	97,744
Gain on sale of investment properties	**(108,363)**	-
Depreciation on property and equipment	**152,345**	82,845
Finance expense on claims payable	**1,113,228**	1,113,228
Property and equipment written off	**-**	342,785
Operating gain before working capital changes	**6,550,774**	6,068,136
Change in trade and other receivables	**(153,739)**	(73,914)
Change in trade and other payables	**232,971**	257,606
Staff terminal benefits paid	**(30,278)**	-
Net cash generated from operating activities	**6,599,728**	6,251,828
Investing activities		
Acquisition of property and equipment	**(2,300)**	(154,622)
Acquisition of investment classified at fair value through profit or loss	**(1,103,296)**	-
Addition of investment property	**(67,887)**	(27,149)
Proceeds from sale of investment properties	**1,253,736**	-
Net cash generated from / (used in) investing activities	**80,253**	(181,771)
Financing activities		
Dividends paid	**(5,853,938)**	(2,200,644)
Net cash used in financing activities	**(5,853,938)**	(2,200,644)
Net increase in cash and cash equivalents	**826,043**	3,869,413
Cash and cash equivalents at the beginning of period	**10,839,244**	5,508,847
Cash and cash equivalents at the end of period	**11,665,287**	9,378,260

The notes on pages 6 to 10 are an integral part of this condensed consolidated interim financial information.

The independent auditors' report on review of the condensed consolidated interim financial information is set out on page 1.

Sharjah Group Company P.S.C. and its subsidiary

Condensed consolidated interim statement of changes in equity (unaudited)
for the period ended 30 September 2015

	Share capital AED	Statutory reserve AED	Voluntary reserve AED	Fair value reserve AED	Retained earnings AED	Foreign currency translation reserve AED	Total AED
At 1 January 2014	78,901,086	22,736,560	3,055,619	(4,271,879)	23,309,031	918,689	124,649,106
Comprehensive income for the period							
Total comprehensive income for the period	-	-	-	-	3,521,607	-	3,521,607
Other comprehensive income							
Items that will not be reclassified to profit or loss							
Net change in fair value of investment classified at fair value through other comprehensive income	-	-	-	752,083	-	-	752,083
Items that are or may be reclassified subsequently to profit or loss							
Change in value of available for sale investments	-	-	-	25,670	-	-	25,670
Foreign currency translation reserve	-	-	-	-	-	(443,731)	(443,731)
Transactions with owners of the Company recorded directly in equity							
Dividend declared	-	-	-	-	(3,945,054)	-	(3,945,054)
At 30 September 2014 (Unaudited)	78,901,086	22,736,560	3,055,619	(3,494,126)	22,885,584	474,958	124,559,681
At 1 January 2015	78,901,086	25,673,296	5,992,355	(2,725,696)	40,752,083	104,846	148,697,970
Comprehensive income for the period							
Total comprehensive income for the period	-	-	-	-	4,699,674	-	4,699,674
Other comprehensive income							
Items that will not be reclassified to profit or loss							
Net change in fair value of investment classified at fair value through other comprehensive income	-	-	-	1,292,890	-	-	1,292,890
Items that are or may be reclassified subsequently to profit or loss							
Change in value of available for sale investments	-	-	-	(877,477)	-	-	(877,477)
Foreign currency translation reserve	-	-	-	-	-	(569,026)	(569,026)
Transactions with owners of the Company recorded directly in equity							
Dividend declared	-	-	-	-	(7,890,109)	-	(7,890,109)
At 30 September 2015 (Unaudited)	**78,901,086**	**25,673,296**	**5,992,355**	**(2,310,283)**	**37,561,648**	**(464,180)**	**145,353,922**

The notes on pages 6 to 10 are an integral part of this condensed consolidated interim financial information.

The independent auditors' report on review of the condensed consolidated interim financial information is set out on page 1.

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 number133/76 dated 16 November 1976. The registered office of the Company is P O. Box 5440, Sharjah, United Arab Emirates. On 14 September 2015, the Company was listed on the Abu Dhabi stock exchange.

The Company's principal activities comprise investing in financial instruments, real estate, industrial projects and leasing of rental properties.

The Company owns 100% of Tarfan General Trading and Contracting ("the subsidiary").

The ownership of Tarfan General Trading and Contracting is demonstrated as follows:

Shareholder	***Holding***
The Company	98%
Mohammed Abdullah Al-wazan	1%
Ibrahim Ahmed Al-Manaey	1%
	100%

The shareholders have provided an undertaking that the subsidiary which is held for beneficial interest of the Company, will continue to operate as a part of the Group and will not be separated or withdrawn from the Group during its tenure.

The principal activity of the subsidiary comprises trading in investments.

The financial year end of the Company and its subsidiary is 31 December.

2 Basis of preparation and significant accounting policies

These condensed consolidated interim financial information have been prepared in accordance with International Accounting Standard ("IAS") 34, Interim Financial Reporting. The condensed consolidated interim financial information of the Group, presented in UAE Dirhams ("AED"), which is also the Group's functional currency, have been prepared under the historical cost convention except in respect of investment properties, derivative financial instruments and investment in marketable securities, which are stated at fair value.

The condensed consolidated interim financial information are to be read in conjunction with the latest audited consolidated financial statements of the Group for the year ended 31 December 2014.

The accounting policies adopted in the preparation of the condensed consolidated interim financial information are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2014.

3 Significant accounting estimates and judgements

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

3 Significant accounting estimates and judgements (continued)

In preparing these condensed consolidated interim financial information, 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 applied in preparing to the Group's consolidated financial statements for the year ended 31 December 2014.

4 Financial risk management and capital management

The Group's financial risk management objectives and policies are consistent with that disclosed in the Group's consolidated financial statements as at and for the year ended 31 December 2014.

5 Administrative and general expenses

	(Unaudited) Nine month period ended 30 September		(Unaudited) Three month period ended 30 September	
	2015	2014	**2015**	2014
	AED	AED	**AED**	AED
These include:				
Staff costs	**1,420,037**	1,271,537	**445,062**	410,886
Rent	**112,232**	117,513	**37,412**	39,171
Salaries and other benefits to executive director (refer note 15)	**539,261**	593,392	**122,794**	172,989
Board remuneration (refer note 15)	**490,000**	350,000	**-**	-
Directors sitting fee and other benefits (refer note 15)	**205,575**	202,500	**54,347**	52,500

6 Investment properties

	(Unaudited) 30 September 2015 AED	(Audited) 31 December 2014 AED
Balance at 1 January	**208,613,209**	185,981,073
Additions	**67,887**	50,606
Sale	**(1,145,373)**	-
Revaluation gain on investment properties	**-**	22,581,530
	207,535,723	208,613,209

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

Investment properties are stated at market value based on a valuation carried by external registered valuer as at 31 December 2014.

The fair values at the reporting date have been determined based on the management's assessment of the fair value of the investment properties based on internal calculations. Based on management's assessment, there is no material change in the fair value of investment properties as compared to the previous valuation carried out as at 31 December 2014.

7 Available for sale investments

The movement in available for sale investments for the current period is as follows:

	(Unaudited) 30 September 2015 AED	(Audited) 31 December 2014 AED
Opening balance	**3,942,877**	4,688,129
Change in the value of available for sale investments	**(877,477)**	(559,650)
Translation reserve	**(93,904)**	(185,602)
	2,971,496	3,942,877

8 Investments classified at fair value through other comprehensive income

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

	(Unaudited) 30 September 2015 AED	(Audited) 31 December 2014 AED
Opening balance	**12,785,242**	11,281,248
Change in fair value of investments	**1,292,890**	2,105,833
Translation reserve	**(431,264)**	(601,839)
	13,646,868	12,785,242

9 Investments classified at fair value through profit or loss

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

	(Unaudited) 30 September 2015 AED	(Audited) 31 December 2014 AED
Opening balance	**1,083,180**	2,131,140
Purchased during the period	**1,103,296**	-
Impairment charged during the period	**(350,868)**	-
Change in fair value of investments	**(183,427)**	(1,026,029)
Translation reserve	**(33,453)**	(21,931)
	1,618,728	1,083,180

10 Trade and other payables

	(Unaudited) 30 September 2015 AED	(Audited) 31 December 2014 AED
Trade payables	**142,625**	142,621
Rental income received in advance	**1,976,260**	1,700,915
Provision for claims and other legal expenses	**55,714,419**	54,601,191
Refundable deposits	**994,740**	958,145
Accrued expenses	**443,794**	485,845
	59,271,838	57,888,717

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. Although this amount is payable on demand, the timing of its payment, on the basis of information presently available, cannot be determined.

The Group has created a provision for the amount relating to the claim and the interest payable up to the period ended 30 September 2015.

11 Staff terminal benefits

	(Unaudited) 30 September 2015 AED	(Audited) 31 December 2014 AED
Balance at 1 January	**489,403**	369,930
Provision made during the period	**159,595**	125,280
Paid during the period	**(30,278)**	(5,807)
	618,720	489,403

12 Share capital

	(Unaudited) 30 September 2015 AED	(Audited) 31 December 2014 AED
Authorised, issued and fully paid up:		
78,901,086 shares of AED 1 each	**78,901,086**	78,901,086

13 Statutory reserve

In accordance with Article 255 of the UAE Federal Law No. 8 of 1984 (as amended), the Company is required to transfer a minimum of 10% of its profit for the year to a statutory reserve until such reserve equals one-half of its paid-up share capital. The statutory reserve may not be distributed to shareholders.

14 Voluntary reserve

As required by the Company's articles of association, 10% of Company's net profit for the period is required to be transferred to the voluntary reserve until such reserve equals one half of the Company's share capital, the reserve is available for distribution.

15 Compensation to key management personnel

	(Unaudited) Nine month period ended 30 September		(Unaudited) Three month period ended 30 September	
	2015	2014	**2015**	2014
	AED	AED	**AED**	AED
Salaries and other short-term employee benefits	**511,203**	564,014	**113,441**	163,197
Directors sitting fee and other benefits	**205,575**	202,500	**54,347**	52,500
Directors remuneration	**490,000**	350,000	-	-
End of service benefits charged to profit or loss	**28,058**	29,378	**9,353**	9,792

Compensation to key management personnel including Directors were approved by the Board of Directors in the board meeting.

16 Basic and diluted earnings per share

	(Unaudited) Nine month period ended 30 September		(Unaudited) Three month period ended 30 September	
	2015	2014	**2015**	2014
	AED	AED	**AED**	AED
Profit for the period (AED)	**4,699,674**	3,521,607	**1,535,241**	1,345,307
Weighted average number of shares	**78,901,086**	78,901,086	**78,901,086**	78,901,086
Basic and diluted earnings per share	**5.96**	4.46	**1.95**	1.70