

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

Condensed Consolidated Interim
Financial Information

For the period ended March 31, 2021

Sharjah Group Company P.J.S.C. and its Subsidiary
Condensed Consolidated Interim Financial Information
For the period ended March 31, 2021

Table of contents

	Page
Report on review of condensed consolidated interim financial information	1
Condensed consolidated statement of financial position	2
Condensed consolidated statement of profit or loss and other comprehensive income	3
Condensed consolidated statement of changes in equity	4
Condensed consolidated statement of cash flows	5
Notes to the condensed consolidated interim financial information	6 - 11



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

Introduction

We have reviewed the accompanying condensed consolidated statement of financial position of Sharjah Group Company P.J.S.C. (the “Company”) and its Subsidiary (collectively referred to as the “Group”) as at March 31, 2021, and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the three months period then ended, and related explanatory notes.

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

Scope of Review

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

Conclusion

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

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Dubai, United Arab Emirates



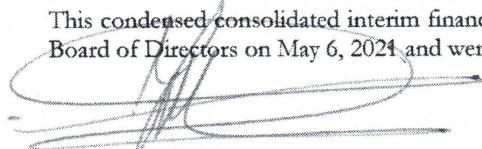
May 6, 2021

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

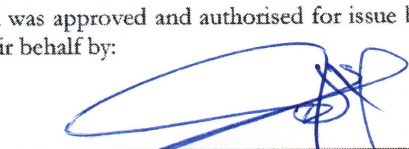
Condensed consolidated statement of financial position
As at March 31, 2021

	Notes	March 31, 2021 (Unaudited) AED	December 31, 2020 (Audited) AED
ASSETS			
Non-current assets			
Property and equipment		99,857	111,348
Investment properties	3	183,051,350	183,051,350
Right-of-use assets	4	532,607	559,284
Investments at fair value through other comprehensive income	5	6,477,183	6,319,888
		<u>190,160,997</u>	<u>190,041,870</u>
Current assets			
Trade and other receivables		2,106,408	1,633,924
Investments at fair value through profit or loss	6	393,808	354,645
Cash and bank balances		5,330,626	6,132,119
		<u>7,830,842</u>	<u>8,120,688</u>
TOTAL ASSETS		<u>197,991,839</u>	<u>198,162,558</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		78,901,086	78,901,086
Statutory reserve		31,787,073	31,787,073
Voluntary reserve		12,106,131	12,106,131
Fair value reserve		(11,609,225)	(11,713,078)
Foreign currency translation reserve		(465,728)	(529,209)
Retained earnings		20,053,680	18,754,944
Total equity		<u>130,773,017</u>	<u>129,306,947</u>
Non-current liabilities			
Employees' end of service benefits		1,267,670	1,222,841
Lease liabilities	4	467,801	463,936
		<u>1,735,471</u>	<u>1,686,777</u>
Current liabilities			
Trade and other payables	7	38,102,048	38,077,286
Dividends payable		27,290,844	28,972,634
Lease liabilities	4	90,459	118,914
		<u>65,483,351</u>	<u>67,168,834</u>
Total liabilities		<u>67,218,822</u>	<u>68,855,611</u>
TOTAL EQUITY AND LIABILITIES		<u>197,991,839</u>	<u>198,162,558</u>

This condensed consolidated interim financial information was approved and authorised for issue by the Board of Directors on May 6, 2021 and were signed on their behalf by:



Mr. Ziyad Mahmoud Khairallah Al Haji
Chairman



Mr. Mohammed Abdullah Al Wazzan
Chief Executive Officer

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

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

Condensed consolidated statement of profit or loss
and other comprehensive income
For the period ended March 31, 2021

	Notes	Three months period ended March 31, 2021 (Unaudited) AED	Three months period ended March 31, 2020 (Unaudited) AED
Rental income		2,613,772	2,487,052
Unrealised gain/(loss) on investments at fair value through profit or loss		38,409	(52,812)
Administrative and general expenses	8	(1,161,416)	(1,244,149)
Repairs and maintenance expenses		(197,808)	(487,505)
Finance costs		(6,863)	(8,214)
Other income		12,642	15,186
PROFIT FOR THE PERIOD		1,298,736	709,558
Other comprehensive income			
<i>Items that will never be reclassified to profit or loss in subsequent periods</i>			
Change in fair value of investments at fair value through other comprehensive income		103,853	-
<i>Items that are or may be reclassified to profit or loss in subsequent periods</i>			
Foreign currency translation reserve		63,481	(354,113)
Total other comprehensive income/(loss)		167,334	(354,113)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,466,070	355,445
Basic and diluted earnings per share	12	0.016	0.009

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

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

**Condensed consolidated statement of changes in equity
For the period ended March 31, 2021**

	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, 2021 (Audited)	78,901,086	31,787,073	12,106,131	(11,713,078)	(529,209)	18,754,944	129,306,947
Profit for the period	-	-	-	-	-	1,298,736	1,298,736
Other comprehensive income for the period	-	-	-	103,853	63,481	-	167,334
Total comprehensive income for the period	-	-	-	103,853	63,481	1,298,736	1,466,070
Balance at March 31, 2021 (Unaudited)	78,901,086	31,787,073	12,106,131	(11,609,225)	(465,728)	20,053,680	130,773,017

	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, 2020 (Audited)	78,901,086	31,774,685	12,093,743	(10,188,123)	(490,218)	29,907,657	141,998,830
Transfer from retained earnings to reserves	-	12,388	12,388	-	-	(24,776)	-
Profit for the period	-	-	-	-	-	709,558	709,558
Other comprehensive loss for the period	-	-	-	-	(354,113)	-	(354,113)
Total comprehensive income for the period	-	-	-	-	(354,113)	709,558	355,445
Balance at March 31, 2020 (Unaudited)	78,901,086	31,787,073	12,106,131	(10,188,123)	(844,331)	30,592,439	142,354,275

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

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

Condensed consolidated statement of cash flows
For the period ended March 31, 2021

	Notes	Three months period ended March 31, 2021 (Unaudited) AED	Three months period ended March 31, 2020 (Unaudited) AED
OPERATING ACTIVITIES			
Profit for the period		1,298,736	709,558
<i>Adjustments for non-cash items:</i>			
Allowance for expected credit loss of trade receivables		42,776	65,203
Unrealised (gain)/loss on investments classified at fair value through profit or loss	6	(38,409)	52,812
Provision for employees' end of service benefits		41,163	41,063
Depreciation on right-of-use assets	4	31,072	30,864
Depreciation on property and equipment		15,680	16,654
Finance costs		6,863	8,214
Reversal of allowance for expected credit loss of trade receivables		-	(3,232)
		<u>1,397,881</u>	<u>921,136</u>
<i>Changes in working capital</i>			
Trade and other receivables		(515,260)	(651,439)
Trade and other payables		24,762	320,091
Cash flow from operations		<u>907,383</u>	<u>589,788</u>
Employees' end of service benefits paid		-	(13,705)
Net cash flow from operating activities		<u>907,383</u>	<u>576,083</u>
INVESTING ACTIVITIES			
Addition of investment properties		-	(75,600)
Purchase of property and equipment		(4,189)	(33,777)
Net cash flow used in investing activities		<u>(4,189)</u>	<u>(109,377)</u>
FINANCING ACTIVITIES			
Lease payments	4	(36,302)	(36,239)
Dividends paid		(1,681,790)	(1,432)
Net cash flow used in financing activities		<u>(1,718,092)</u>	<u>(37,671)</u>
Net change in cash and bank balances		<u>(814,898)</u>	<u>429,035</u>
Exchange differences on translating foreign operations		13,405	(77,350)
Cash and bank balances, beginning of period		6,132,119	3,356,838
Cash and bank balances, end of period		<u>5,330,626</u>	<u>3,708,523</u>

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

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

Notes to the condensed consolidated interim financial information For the period ended March 31, 2021

1 Legal status and principal activities

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

The Company holds the following investment as at March 31, 2021 which has been consolidated in this condensed interim financial information:

Name of subsidiary	Legal/beneficial ownership interest		Country of operation and incorporation	Principal activity
	2021	2020		
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 principal activities of the Company and its Subsidiary (the "Group") comprise investing in financial instruments, real estate, industrial projects and leasing of properties.

2 Summary of significant accounting policies

a) Basis of preparation

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

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

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

b) Functional and presentation currency

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

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

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

Notes to the condensed consolidated interim financial information (continued)
For the period ended March 31, 2021

2 Summary of significant accounting policies (continued)

c) Basis of consolidation

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

d) Significant accounting estimates and judgments

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

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

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

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

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

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

f) Liquidity risk – unclaimed dividend

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

As at March 31, 2021, the unclaimed dividends amounted to AED 27,290,844 (December 31, 2020: AED 28,972,634).

3 Investment properties

	March 31, 2021 AED (Unaudited)	December 31, 2020 AED (Audited)
Balance at January 1,	183,051,350	198,192,750
Additions during the period/year	-	185,282
Unrealised loss on revaluation of investment properties at fair value	-	(15,326,682)
	<u>183,051,350</u>	<u>183,051,350</u>

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

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

Notes to the condensed consolidated interim financial information (continued)
For the period ended March 31, 2021

3 Investment properties (continued)

Fair value

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

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

4 Leases

Right-of-use assets

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

	March 31, 2021 (Unaudited) AED	December 31, 2020 (Audited) AED
Cost		
As at January 1,	748,816	740,734
Translation reserve	6,230	8,082
	<u>755,046</u>	<u>748,816</u>
Accumulated depreciation		
As at January 1,	189,532	61,729
Translation reserve	1,835	2,172
Charged during the period/year	31,072	125,631
	<u>222,439</u>	<u>189,532</u>
Net carrying value as at period/year end	<u>532,607</u>	<u>559,284</u>

Lease liabilities

Lease liabilities are presented in the condensed consolidated statement of financial position as at March 31, 2021 as follows:

	March 31, 2021 (Unaudited) AED	December 31, 2020 (Audited) AED
Current liabilities	90,459	118,914
Non-current liabilities	467,801	463,936
	<u>558,260</u>	<u>582,850</u>

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

	March 31, 2020 (Unaudited) AED	December 31, 2019 (Audited) AED
As at January 1,	582,850	685,999
Interest charged for the period/year	6,863	27,471
Payment of the principle portion during the period/year	(36,302)	(127,711)
Translation reserve	4,849	(2,909)
	<u>558,260</u>	<u>582,850</u>

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

Notes to the condensed consolidated interim financial information (continued)
For the period ended March 31, 2021

5 Investments classified at fair value through other comprehensive income

	March 31, 2021	December 31, 2020
	(Unaudited)	(Audited)
	AED	AED
Quoted investments	4,258,483	4,119,494
Unquoted investments	2,218,700	2,200,394
	<u>6,477,183</u>	<u>6,319,888</u>

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

	March 31, 2021	December 31, 2020
	(Unaudited)	(Audited)
	AED	AED
As at January 1,	6,319,888	7,876,390
Changes in the fair value	103,853	(1,524,955)
Translation reserve	53,442	(31,547)
	<u>6,477,183</u>	<u>6,319,888</u>

6 Investments classified at fair value through profit or loss

	March 31, 2021	December 31, 2020
	(Unaudited)	(Audited)
	AED	AED
Quoted investments	302,471	264,062
Unquoted investments	91,337	90,583
	<u>393,808</u>	<u>354,645</u>

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

	March 31, 2021	December 31, 2020
	(Unaudited)	(Audited)
	AED	AED
As at January 1,	354,645	417,744
Changes in fair value	38,409	(62,647)
Translation reserve	754	(452)
	<u>393,808</u>	<u>354,645</u>

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

Notes to the condensed consolidated interim financial information (continued)
For the period ended March 31, 2021

7 Trade and other payables

	March 31, 2021 (Unaudited) AED	December 31, 2020 (Audited) AED
<i>Financial liabilities</i>		
Trade payables	206,975	392,551
Claims and legal expenses payables	34,900,000	34,900,000
Refundable deposits	853,364	882,027
Accrued expenses	565,394	577,570
	<u>36,525,733</u>	<u>36,752,148</u>
<i>Non-financial liability</i>		
Rental income received in advance	1,576,315	1,325,138
	<u>38,102,048</u>	<u>38,077,286</u>

Claims and legal expenses payables relate to a legal case filed against the Group in December 1999. The Sharjah Union Supreme Court issued its final decision dated January 29, 2019 stating the final claim amount to be paid shall include the principle and interest equal to the principle amount. The final claim amount was calculated as AED 42.408 million. The outstanding liability including interest amounted to AED 34.9 million as at March 31, 2021 (December 31, 2020: AED 34.9 million).

On March 2, 2020, the Group received a legal notice from Sharjah Court and Sharjah Land Department to attach all properties of the Group situated in the Emirate of Sharjah, United Arab Emirates. As at March 31, 2021, the total fair value of all these properties amounted to AED 183.05 million (Note 3). Consequently, the Group has appealed against this notice and requested to limit the attachment to certain properties with sufficient fair value to cover the outstanding balance.

As of the date of approval of this condensed consolidated interim financial information, there were no further progresses on the Group's legal request.

8 Administrative and general expenses

	Three months period ended March 31, 2021 (Unaudited) AED	Three months period ended March 31, 2020 (Unaudited) AED
Staff costs	520,342	566,349
Salaries and other benefits to Executive Director	205,209	197,173
Legal and professional fees	172,501	177,782
Utilities	88,663	88,587
Allowance for expected credit loss of trade receivables	42,776	65,203
Depreciation on right-of-use assets	31,072	30,864
Depreciation on property and equipment	15,680	16,654
Other expenses	85,173	101,537
	<u>1,161,416</u>	<u>1,244,149</u>

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

Notes to the condensed consolidated interim financial information (continued)
For the period ended March 31, 2021

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 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, 2021 are not comparable to those relating to the comparative period and are not indicative of the results that might be expected for the year ending December 31, 2021.

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

Compensation of key management personnel

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

	Three months period ended March 31, 2021 (Unaudited) AED	Three months period ended March 31, 2020 (Unaudited) AED
Salaries and other short-term employee benefits	191,686	183,583
End of service benefits	13,523	13,590

11 Capital commitments

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

12 Basic and diluted earnings per share

	Three months period ended March 31, 2021 (Unaudited) AED	Three months period ended March 31, 2020 (Audited) AED
Profit for the period	1,298,736	709,558
Weighted average number of shares	78,901,086	78,901,086
Basic and diluted earnings per share	<u>0.016</u>	<u>0.009</u>