

Wahat Al Zaweya Holding PJSC and its subsidiaries

**Interim condensed consolidated financial statements
for the six-month period ended 30 June 2021
(unaudited)**

Wahat Al Zaweya Holding PJSC and its subsidiaries

Interim condensed consolidated financial statements for the six-month period ended 30 June 2021

Table of contents

Review report on interim condensed consolidated financial statements	1
Interim consolidated statement of financial position	2
Interim consolidated statement of profit or loss	3
Interim consolidated statement of comprehensive income	4
Interim consolidated statement of changes in equity	5
Interim consolidated statement of cash flows	6
Notes to the interim condensed consolidated financial statements	7 - 19

REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE SHAREHOLDERS OF WAHAT AL ZAWEYA HOLDING PJSC

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Wahat Al Zaweya Holding PJSC (the “Company”) and its subsidiaries (collectively referred to as the “Group”) as at 30 June 2021, which comprise the interim condensed consolidated statement of financial position as at 30 June 2021 and the related interim consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements 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 statements are not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

Emphasis of matter- Material uncertainty relating to going concern

We draw attention to Note 2.1 to the interim condensed consolidated financial statements, which indicates that the Group had incurred a loss of AED 73,346,438 during the six month period ended 30 June 2021 (30 June 2020: loss of AED 86,069,212) and as of that date, it had accumulated losses of AED 186,089,362 (31 December 2020: AED 112,742,924) and its current liabilities exceeded its current assets by AED 3,180,859,883 (31 December 2020: AED 3,076,572,407). As stated in note 2.1, these conditions, along with other matters set out in Note 2.1, indicate the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Our conclusion is not qualified in respect of this matter.

For Ernst & Young




Signed by:
Ashraf Abu Sharkh
Partner
Registration No. 690

10 August 2021

Abu Dhabi, United Arab Emirates

WAHAT AL ZAWEYA HOLDING PJSC and its subsidiaries
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2021

	Notes	30 June 2021 AED (Unaudited)	31 December 2020 AED (Audited)
ASSETS			
Property and equipment	7	11,068,888	14,098,849
Development properties	8	2,789,646,973	2,780,130,231
Investment properties	9	2,277,167,028	2,278,764,423
Right-of-use assets		3,536,154	4,610,047
Financial assets at fair value through other comprehensive income	10	20,650,000	29,050,000
Trade and other receivables		19,175,511	13,521,339
Cash and bank balances	11	143,810,265	103,858,118
Total assets		5,265,054,819	5,224,033,007
EQUITY AND LIABILITIES			
EQUITY			
Capital and reserves			
Share capital	12	2,312,729,034	2,312,729,034
Legal reserve	13	7,456,112	7,456,112
Acquisition reserve	14	(755,908,606)	(755,908,606)
Foreign currency translation reserve		(20,690,012)	(19,127,654)
Fair value reserve for financial assets at fair value through other comprehensive income		(49,350,000)	(40,950,000)
Accumulated losses		(186,089,362)	(112,742,924)
Total equity		1,308,147,166	1,391,455,962
LIABILITIES			
Banking borrowings and facilities	15	570,584,278	577,022,339
Provision for employees' end of service benefits		4,513,803	4,788,967
Lease liabilities		6,528,858	6,580,050
Trade and other payables	16	2,033,056,465	2,015,330,906
Advances from customers	17	1,334,579,924	1,219,957,663
Due to related parties	18	7,644,325	8,897,120
Total liabilities		3,956,907,653	3,832,577,045
Total equity and liabilities		5,265,054,819	5,224,033,007



Board Member



Board Member

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements.

WAHAT AL ZAWEYA HOLDING PJSC and its subsidiaries

INTERIM CONSOLIDATED STATEMENT PROFIT OR LOSS

For the period ended 30 June 2021

		<i>For the six-month period ended 30 June</i>	
	<i>Notes</i>	<i>2021 AED (Unaudited)</i>	<i>2020 AED (Unaudited)</i>
Revenue	4	1,288,883	2,235,266
Cost of revenue		(234,525)	(389,409)
GROSS PROFIT		1,054,358	1,845,857
Selling, general and administrative expenses		(36,861,744)	(29,155,154)
Other income		1,560,064	762,118
OPERATING LOSS		(34,247,322)	(26,547,179)
Interest income		25,320	-
Finance costs		(39,124,436)	(59,522,033)
LOSS FOR THE PERIOD	5	(73,346,438)	(86,069,212)
Earnings per share for the period			
Basic and diluted (AED)	6	(0.03)	(0.04)

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements.

WAHAT AL ZAWEYA HOLDING PJSC and its subsidiaries

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2021

		<i>For the six-month period ended 30 June</i>	
	<i>Notes</i>	2021 AED (Unaudited)	2020 AED (Unaudited)
Loss for the period		(73,346,438)	(86,069,212)
<i>Items that maybe reclassified to profit or loss in subsequent periods</i>			
Exchange loss on translation of foreign operations		(1,562,358)	(247,731)
<i>Items that will not be reclassified to profit or loss in subsequent periods</i>			
Changes in the fair value of financial assets at fair value through other comprehensive income	10	(8,400,000)	(9,590,000)
Other comprehensive loss for the period		(9,962,358)	(9,837,731)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD		(83,308,796)	(95,906,943)

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements.

WAHAT AL ZAWEYA HOLDING PJSC and its subsidiaries
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the period ended 30 June 2021

	<i>Share Capital AED</i>	<i>Legal reserve AED</i>	<i>Acquisition reserve AED</i>	<i>Foreign currency translation reserve AED</i>	<i>Fair value reserve for financial assets at fair value through other comprehensive income AED</i>	<i>(Accumulated losses)/ retained earnings AED</i>	<i>Total equity AED</i>
Balance at 1 January 2020 (audited)	2,312,729,034	7,456,112	(755,908,606)	(19,395,090)	(26,810,000)	78,253,038	1,596,324,488
Loss for the period	-	-	-	-	-	(86,069,212)	(86,069,212)
Other comprehensive loss for the period	-	-	-	(247,731)	(9,590,000)	-	(9,837,731)
Total comprehensive loss for the period	-	-	-	(247,731)	(9,590,000)	(86,069,212)	(95,906,943)
Balance at 30 June 2020 (unaudited)	2,312,729,034	7,456,112	(755,908,606)	(19,642,821)	(36,400,000)	(7,816,174)	1,500,417,545
Balance at 1 January 2021 (audited)	2,312,729,034	7,456,112	(755,908,606)	(19,127,654)	(40,950,000)	(112,742,924)	1,391,455,962
Loss for the period	-	-	-	-	-	(73,346,438)	(73,346,438)
Other comprehensive loss for the period	-	-	-	(1,562,358)	(8,400,000)	-	(9,962,358)
Total comprehensive loss for the period	-	-	-	(1,562,358)	(8,400,000)	(73,346,438)	(83,308,796)
Balance at 30 June 2021 (unaudited)	2,312,729,034	7,456,112	(755,908,606)	(20,690,012)	(49,350,000)	(186,089,362)	1,308,147,166

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements.

WAHAT AL ZAWEYA HOLDING PJSC and its subsidiaries

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the period ended 30 June 2021

		<i>Six-month period ended 30 June</i>	
	<i>Note</i>	<i>2021 AED (Unaudited)</i>	<i>2020 AED (Unaudited)</i>
OPERATING ACTIVITIES			
Profit for the period		(73,346,438)	(86,069,212)
Adjustments for:			
Depreciation of property and equipment	5	1,077,989	2,118,204
Depreciation of right-of-use assets		1,073,893	956,664
Finance costs		39,124,436	59,522,033
Provision for employees' end of service benefits		799,559	320,423
Loss on disposal of property and equipment		352,137	-
Interest income		(25,320)	-
		(30,943,744)	(23,151,888)
Changes in working capital:			
Development properties		(9,516,742)	(123,548,870)
Trade and other receivables		(768,208)	6,179,121
Trade and other payables		17,725,559	115,350,270
Due to a related party		(1,252,795)	5,661,387
Advances from customers, net		114,622,261	160,908,880
Cash generated from operations		89,866,331	141,398,900
Payment of employees' end of service benefits		(1,074,723)	(488,000)
Net cash generated from operating activities		88,791,608	140,910,900
INVESTING ACTIVITIES			
Purchases of property and equipment		-	(2,001,900)
Proceeds from disposals of property and equipment		1,599,835	-
Interest income		25,320	-
Net cash from/ (used in) investing activities		1,625,155	(2,001,900)
FINANCING ACTIVITIES			
Payments to banking loans and facilities, net		(6,438,061)	(67,117,391)
Margin deposits		(15,237,078)	(1,974,326)
Lease liabilities paid		(140,673)	(1,031,886)
Finance cost paid		(13,475,809)	(55,491,027)
Net cash used in financing activities		(35,291,621)	(125,614,630)
NET INCREASE IN CASH AND CASH EQUIVALENTS		55,125,142	13,294,370
Net foreign exchange difference		64,083	185,633
Cash and cash equivalents at beginning of the period		85,199,017	31,229,714
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	11	140,388,242	44,709,717

The attached notes 1 to 23 form part of these interim condensed consolidated financial statements.

WAHAT AL ZAWEYA HOLDING PJSC and its subsidiaries
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
 At 30 June 2021

1 GENERAL INFORMATION

Wahat Al Zaweya Holding PJSC (the “Company”) is a Private Joint Stock Company registered in Abu Dhabi, United Arab Emirates. The Company was incorporated in 21 December 2008 and currently operates in accordance with the UAE Federal Law no (2) of 2015.

The principal activities of the Company and its subsidiaries (collectively referred to as the “Group”) are developing, investing in and managing real estate properties.

The registered address of the Company is P.O. Box 53351, Abu Dhabi, United Arab Emirates.

The Company has either directly or indirectly the following subsidiaries:

<i>Subsidiaries</i>	<i>Principle activities</i>	<i>Beneficial ownership in</i>		<i>County of incorporation</i>
		<i>2021</i>	<i>2020</i>	
Wahat Al Zaweya Investment & Real Estate Development LLC	Real estate and master development	100%	100%	United Arab Emirates
Waha Bay Investment and Real Estate Development LLC	Real estate and master development	100%	100%	United Arab Emirates
Tasweek (Malaysia) Sdn Bhd	Real estate investment	100%	100%	Malaysia
UAE Marketing Sdn Bhd	Real estate investment	100%	100%	Malaysia
Tasweek Pahang Sdn Bhd	Real estate investment	100%	100%	Malaysia
Tasweek El Emarati*	Real estate investment	100%	100%	Morocco
Tasweek Dubai*	Real estate investment	100%	100%	United Arab Emirates
Keewsat Properties LLC*	Real estate investment	100%	100%	United Arab Emirates
Tasweek Investment Limited JAFZA*	Real estate investment	100%	100%	United Arab Emirates
Tasweek Overseas Limited JAFZA*	Real estate investment	100%	100%	United Arab Emirates
Tasweek Real Estate Investment LLC*	Real estate investment	99%	99%	United Arab Emirates

*These entities are dormant entities and have no transactions.

These interim condensed consolidated financial statements was authorised for issue by the Board of Directors on ____ August 2021 and signed on its behalf.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 GOING CONCERN

For the six-month period ended 30 June 2021, the Group incurred loss of AED 73,346,438 (30 June 2020: AED 86,069,212) and as of that date, the Group has accumulated losses of AED 186,089,362 (31 December 2020: AED 112,742,924 million) and its current liabilities exceeded its current assets by AED 3,180,859,883 (31 December 2020: AED 3,076,572,407). These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group’s ability to continue as a going concern and that, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. Should the Group be unable to continue as a going concern, adjustments would have to be made to reduce the value of assets to their recoverable amount, to provide for any liabilities which might arise, and to reclassify non-current assets as current assets and non-current liabilities as current liabilities. The interim condensed consolidated financial statements have been prepared on a going concern basis.

Management has considered the way forward and developed certain actions plans to improve results and cash flows of the Group. As a result, the Group is currently arranging for project financing for its projects and had appointed a leading advisory firm to structure the new financing; aligning of manpower resources with utilised capacity; and exploring possible expansion into other regional markets (i.e. the Group has established a representative office in Saudi Arabia to penetrate the Saudi market as part of its expansion plans).

As of 30 June 2021, the Group is still working with the relevant municipalities and governmental authorities to finalise legal formalities for its key project to enable the Group to transfer titles to the related customer, however, this has already resulted in delays in transferring titles on due dates and resulted in legal claims against the Group.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.1 GOING CONCERN (continued)

Management is confident about the Group's ability to continue its business and a major shareholder has confirmed his intention to continue to arrange funding for the Group to enable it to meet its liabilities as they fall due and to carry on its business without a significant curtailment of operations for at least twelve months from the date of approval of these interim condensed consolidated financial statements.

2.2 BASIS OF PREPARATION

These interim condensed consolidated financial statements for the six-month period ended 30 June 2021 have been prepared in accordance with International Accounting Standard 34, '*Interim Financial Reporting*' as issued by the International Accounting Standards Board ("IASB").

These interim condensed consolidated financial statements do not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2020, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

Further, Federal Decree-Law No. 26 of 2020 which amends certain provisions of Federal Law No. 2 of 2015 on Commercial Companies was issued on 27 September 2020 and the amendments came into effect on 2 January 2021. The Group is in process of reviewing the new provisions and will apply the requirements thereof no later than one year from the date on which the amendments came into effect.

These interim condensed consolidated financial statements have been presented in United Arab Emirates Dirhams (AED), which is the functional and presentation currency of the Group.

These interim condensed consolidated financial statements of the Group is prepared under the historical cost basis except for financial assets at fair value through other comprehensive income and investment properties which are measured at fair value.

Seasonality of operations

The Group is not particularly exposed to seasonality of operations. The Group's financial results for six-month are not necessarily an indication of results to be reported for the full year.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2021. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial statements of the Group as noted below:

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). The amendments include the following practical expedients:

- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest.
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued.
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component.

These amendments had no impact on these interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.4 BASIS OF CONSOLIDATION

These interim condensed consolidated financial statements comprise the financial information of Wahat Al Zawayya Holding PJSC and entities controlled by it. 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.

The financial information of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. All inter-company transactions, profits and balances are eliminated on consolidation.

2.5 USE OF ESTIMATES AND JUDGEMENTS

The preparation of the interim condensed consolidated financial statements 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.

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements as at and for the year ended 31 December 2020.

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk) and credit risk and liquidity risk.

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements; these should be read in conjunction with the Group's annual financial statements as at and for the year ended 31 December 2020.

There have been no changes in the risk management process and policies since the year ended 31 December 2020.

4 REVENUE

	<i>Six-month period ended 30 June</i>	
	<i>2021 AED (Unaudited)</i>	<i>2020 AED (Unaudited)</i>
Rental income	1,288,883	2,235,266

WAHAT AL ZAWEYA HOLDING PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2021

5 LOSS FOR THE PERIOD

The loss for the period is stated after charging:

	<i>Six-month period ended 30 June</i>	
	<i>2021 AED (Unaudited)</i>	<i>2020 AED (Unaudited)</i>
Legal fines and penalties	20,235,294	4,087,077
Staff costs	6,931,174	9,998,692
Depreciation expense of property and equipment (note 7)	1,077,989	2,118,204
Depreciation on right-of-use assets	1,073,893	956,664

6 EARNINGS PER SHARE

Basic earnings per share amounts for the period are calculated by dividing profit for the period by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing the profit by the weighted average number of ordinary shares outstanding during the period, adjusted for the effects of dilutive instruments. As at 30 June 2021 and 2020, the Group did not have any dilutive instruments.

The following reflects the income and share data used in the earnings per share computations:

	<i>Six-month period ended 30 June</i>	
	<i>2021 AED (Unaudited)</i>	<i>2020 AED (Unaudited)</i>
Loss for the period attributable to the ordinary equity holders of the Company	(73,346,438)	(86,069,212)
Weighted average number of ordinary shares in issue	2,312,729,034	2,312,729,034
Basic and diluted earnings per share	(0.03)	(0.04)

WAHAT AL ZAWEYA HOLDING PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2021

7 PROPERTY AND EQUIPMENT

	<i>AED</i>
Six-month ended 30 June 2021 (unaudited)	
At 1 January 2021	14,098,849
Additions	-
Depreciation (note 5)	(1,077,989)
Disposal	(1,951,972)
	<hr/>
At 30 June 2021	11,068,888
	<hr/>
 Year ended 31 December 2020 (audited)	
At 1 January 2020	13,463,021
Additions	141,615
Transferred from Development properties (note 8)	2,420,100
Depreciation	(3,822,560)
Adjustment	1,896,673
	<hr/>
At 31 December 2020	14,098,849
	<hr/>

8 DEVELOPMENT PROPERTIES

	<i>AED</i>
Six months ended 30 June 2021 (unaudited)	
At 1 January 2021	2,780,130,231
Additions	9,516,742
	<hr/>
At 30 June 2021	2,789,646,973
	<hr/>
	<i>AED</i>
 Year ended 31 December 2020 (audited)	
At 1 January 2020	2,648,810,477
Additions	133,739,854
Transfer to property and equipment (note 7)	(2,420,100)
	<hr/>
At 31 December 2020	2,780,130,231
	<hr/>

Development properties are mainly composed of the cost of the land, cost of construction and incurred design and earth works, commissions and infrastructure. Development properties are carried at the lower of the acquisition fair value of the land plus development costs, and the net realisable value. Net realisable value has been determined using factors based on committed sale prices for sold units and market prices for unsold units. In addition, the estimated amount of future commitments in relation to cost of development of the properties is disclosed in note 20.

The Group expects to fund the completion of the master development from the instalments and advances from current buyers, future sales, bank facilities and shareholders' financial support.

A subsidiary of the Group signed an agreement on 29 January 2017 to purchase a plot of land in Yas Island with a total purchase price of AED 998,428,753. As of the interim condensed consolidated financial statements approval date, the land title deed is registered in the name of the land's original owner (the seller) and the beneficiary rights to use the land are fully assigned to the subsidiary. Title deed and ownership of the land will be transferred to the Subsidiary upon completing final payment to the land's original owner.

WAHAT AL ZAWEYA HOLDING PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2021

9 INVESTMENT PROPERTIES

	<i>AED</i>
Six months ended 30 June 2021 (unaudited)	
At 1 January 2021	2,278,764,423
Foreign currency exchange difference	(1,597,395)
At 30 June 2021	2,277,167,028
Year ended 31 December 2020 (audited)	
At 1 January 2020	2,316,301,598
Change in fair value of investment properties	(38,488,435)
Foreign currency exchange difference	951,260
At 31 December 2020	2,278,764,423

The management does not consider the fair value of investment properties for the period ended 30 June 2021 to be significantly different from the fair value as at 31 December 2020. The fair valuation of investment properties was conducted by an external independent valuer as at 31 December 2020. Management intends to appoint independent external valuer to determine the fair value as at 31 December 2021, unless there are indicators which suggests a significant change in the fair value. For all investment properties, their current use equates to the highest and best use. Refer note 21 for fair valuation disclosures.

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<i>30 June 2021 AED (Unaudited)</i>	<i>31 December 2020 AED (Audited)</i>
At 1 January	29,050,000	43,190,000
Change in fair value	(8,400,000)	(14,140,000)
	20,650,000	29,050,000

Financial assets at fair value through other comprehensive income (FVOCI) comprise of Islamic convertible Sukuk issued by a listed Company (Investee) for a value of AED 100,000,000 at the date of purchase by way of private placement to one of the Group's subsidiaries. The aforementioned investment was converted to equity shares during the year ended 31 December 2019. The shares of the investee are quoted in the Dubai Financial Market (DFM).

11 CASH AND BANK BALANCES

	<i>30 June 2021 AED (Unaudited)</i>	<i>31 December 2020 AED (Audited)</i>
Cash on hand	291,507	62,368
Cash at banks (i)	140,096,735	85,136,649
Margin deposits (ii)	3,422,023	18,659,101
	143,810,265	103,858,118

WAHAT AL ZAWEYA HOLDING PJSC and its subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2021

11 CASH AND BANK BALANCES (continued)

- (i) As at 30 June 2021, an amount of AED 87,589,952 (31 December 2020: AED 24,144,370) are with banks for advances received from customers against sale of development properties which are deposited into escrow accounts. These balances are not under lien.
- (ii) Margin deposits represent non-interest bearing deposits against guarantees with original maturities of more than 3 months held with a local banks against loans and facilities.

For the purpose of the interim condensed consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

	30 June 2021 AED (Unaudited)	30 June 2020 AED (Unaudited)
Cash and bank balances	143,810,265	81,914,824
Margin deposits	(3,422,023)	(37,205,107)
	140,388,242	44,709,717

12 SHARE CAPITAL

	30 June 2021 AED (Unaudited)	31 December 2020 AED (Audited)
Authorised, issued and paid up 2,312,729,034 shares of AED 1 each (31 December 2020: 2,312,729,034 of AED 1 each)	2,312,729,034	2,312,729,034

The shareholder ownership during the period ended 30 June 2021 is as follows:

	Ownership		No. of shares	
	30 June 2021	31 December 2020	30 June 2021 AED	31 December 2020 AED
Royal Majestic Investment - Sole Proprietorship L.L.C	44%	48%	1,013,902,498	1,100,959,542
Al Rakaaz Investment LLC	10%	10%	240,000,000	240,000,000
Tabarak Commercial Investment LLC	9%	9%	201,744,368	201,744,368
Ajman Bank P.J.S.C	11%	11%	250,000,000	250,000,000
Alssawari Real Estate Investment LLC	5%	6%	125,187,323	127,602,323
International Avenue Investment	3%	3%	71,506,086	75,952,438
Shuaa Capital P.J.S.C	3%	3%	78,397,000	74,997,000
Investors holding less than 5%	15%	10%	331,991,759	241,473,363
			2,312,729,034	2,312,729,034

13 LEGAL RESERVE

In accordance with the Company's Articles of Association and the UAE Federal Law No. (2) of 2015, 10% of the profit for each year is transferred to a non-distributable legal reserve. Transfers to this reserve are required to be made until such time as it equals 50% of the paid-up share capital of the Company. The transfer is made on an entity level and not based on the Company's income for the year. Accordingly, no additional transfers have been made during the year as the Company, on a standalone level, incurred a loss during the year.

14 ACQUISITION RESERVE

The acquisition reserve resulted from acquisition of Wahat Al Zaweya Investment and Real Estate Development LLC and its subsidiary (the “acquiree”).

The Group issued 2,200,000,000 shares with a nominal value of AED 1 per share to the former shareholders of the acquiree in exchange of acquiree’s net assets of AED 1,444,091,394. The difference between fair value of acquiree net assets (“net consideration”) and the share capital issued is recognized as acquisition reserve.

15 BANK BORROWINGS AND FACILITIES

	30 June 2021 AED (Unaudited)	31 December 2020 AED (Audited)
Term loans	562,691,823	567,773,699
Murabaha facilities	7,892,455	9,248,640
	<u>570,584,278</u>	<u>577,022,339</u>

Term loans

The term loans facilities consist of nine different loans with six commercial banks and carry interest rate ranging from EIBOR/LIBOR + 2.5% to 5% per annum and 5.75% to 6% per annum (2020: EIBOR/LIBOR + 2.5% to 5% per annum and 5.75% to 6% per annum).

Securities

The above term loans are secured by one or more of the following:

- Post-dated cheques (PDC) totalling AED 727 million covering 200% of the outstanding facility drawn on a UAE based bank;
- Submission of original title deed and site affection plan of Property;
- Promissory note of AED 400 million covering 110% of the facilities amount in favour of the bank;
- Outstanding balance of USD 24 million as at 30 June 2021 is secured by promissory notes issued in favour of the bank amounting to USD 160 million; and
- Outstanding balance of 57 million as 30 June 2021 is secured by investment through other comprehensive income amounting to AED 34 million.

The loans are subject to financial covenants (annually) as per facility agreement. As of 31 December 2020, the Group has not complied with certain covenants in relation to a Loan. The total outstanding of the loan is AED 88,224,000 and is current in nature.

Murabaha facilities

The Murabaha facilities consist of four different loans with two Malaysian banks and carry margins ranging from BLR* +0.25% to 10% per annum (2020: BLR* +0.25% to 10% per annum). These facilities are payable in monthly instalments and have maturities of eight to ten years. These facilities are secured by mortgage over the investment properties with an amount of AED 8.58 million and deeds of Assignment and Powers of Attorney over 26 units of condominiums in accordance with the facility agreements.

* Base lending rate in Malaysia (BLR).

WAHAT AL ZAWEYA HOLDING PJSC and its subsidiaries
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 30 June 2021

16 TRADE AND OTHER PAYABLES

	30 June 2021 AED (Unaudited)	31 December 2020 AED (Audited)
Trade payable	106,354,783	112,035,084
Accrued project expenses (i)	962,882,525	962,882,525
Accrued project expense (ii)	124,303,517	124,363,517
Payable for purchase of land (iii)	744,889,561	724,483,785
Retention payable	39,948,974	38,737,135
Accrued finance cost	8,812,731	7,713,370
Dividends payable (note 12)	26,000,000	26,000,000
Municipality Registration Fees payable	4,870,747	5,160,124
Other accrual and payable	14,993,627	13,955,366
	2,033,056,465	2,015,330,906

- i. Accrued project expenses represent mainly obligations on the Group to develop infrastructure for one of its projects. The amount is accrued by the Group based on the approved cost budget for the Project as a whole. The Group records cost of sales of development properties based on the actual cost of the property in addition to expected cost to be incurred for this property as per the project master plan and they increase the accrued project expenses. The accrued expense is for expenses that are not yet incurred but the Group is expected to incur the cost as part of the infrastructure and other development costs.
- ii. These accrued expenses represent material/services received but not yet invoiced by vendors.
- iii. The liability amounting to AED 274,898,753 (31 December 2020: 277,963,785) is non-current in nature. This balance relates to the purchase of a land on Yas Island contracted during 2017 by the Group's subsidiary. The total undiscounted consideration paid or payable at the date of inception amounts to AED 998,428,753 which is being measured at amortised cost. The payable for purchase of land is carried at amortised cost with an effective interest rate of 12.71% (2020: 12.71%) per annum calculated at the WACC of 11.6% (2020: 11.6%). Payment of AED 5,500,000 was made during the period ended 30 June 2021 (year ended 31 December 2020: 12,500,000). There was default in payment as per agreed terms during the year and management is under discussion to renegotiate the terms of the payment.

17 ADVANCES FROM CUSTOMERS, NET

Advances from customers of AED 1,334,579,924 (31 December 2020: AED 1,219,957,663) represent advances received on sale of plots of land and villas reserved by customers. Those will be recognised as revenue when the recognition criterion for the sale of land is met as per the requirements of IFRS 15.

18 RELATED PARTY TRANSACTIONS

Related parties include shareholders, directors, members of their families, key management personnel and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Group's management.

Key management compensation

The remuneration of members of key management is as follows:

	30 June 2021 AED (Unaudited)	30 June 2020 AED (Unaudited)
Post-employment benefits	2,162,071	-

WAHAT AL ZAWEYA HOLDING PJSC and its subsidiaries
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 30 June 2021

18 RELATED PARTY TRANSACTIONS (continued)

Due from a related party (included in trade and other receivables)

	<i>30 June 2021 AED (Unaudited)</i>	<i>31 December 2020 AED (Audited)</i>
Bonyan International Investment Group Holding	2,556,594	2,556,594

Due to a related party

	<i>30 June 2021 AED (Unaudited)</i>	<i>31 December 2020 AED (Audited)</i>
Tabarak Commercial Investment Sole Proprietorship LLC	7,241,120	7,241,120
Tabarak Capital limited	403,205	1,656,000
	7,644,325	8,897,120

Above stated balances that are receivable/payable from/to related parties as at the year-end arise in the normal course of business and include amounts transferred / received to meet funding arrangements of the Group. These balances carry no interest charges and are receivable/payable on demand.

As at 30 June 2020, Group has recorded an impairment of AED 5,996,809 on receivables relating to amount due from related parties (2020: AED 5,996,809). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

19 SEGMENT REPORTING

Following management approach with regard to IFRS 8, operating segments are reported in accordance with the internal reporting provided to the Board of Directors (the chief operating decision-maker), which is responsible for allocating resources to the reportable segments and assessing its performance. The Group is managed as one unit and therefore the Board of Directors are of the opinion that the Group is mainly engaged in a single segment of investing in real estate. No significant income of a seasonal nature was recorded in the interim condensed consolidated statements of comprehensive income for the six-month period ended 30 June 2021 and 30 June 2020.

20 CONTINGENCIES AND COMMITMENTS

A) Capital expenditure commitments

Estimated capital expenditures contracted for at the reporting date but not provided for:

	<i>30 June 2021 AED (Unaudited)</i>	<i>31 December 2020 AED (Audited)</i>
Signed contracts on development properties	2,320,649,777	2,320,649,777

WAHAT AL ZAWEYA HOLDING PJSC and its subsidiaries
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 30 June 2021

20 CONTINGENCIES AND COMMITMENTS (continued)

B) Sales commitments

	<i>30 June 2021 AED (Unaudited)</i>	<i>31 December 2020 AED (Audited)</i>
Total sales committed to customers	3,220,392,973	3,786,641,587

Sales commitments represent sales agreements signed with customers, to which the properties have not yet been handed over to the customer and sales have not yet been recognised.

C) Legal cases

The Group is a defendant in a number of lawsuits representing legal actions and claims related to its ordinary course of business. Management and its legal advisors believe that the provision recorded of 30 June 2021 is sufficient to meet the obligations that may arise from the lawsuits.

	<i>30 June 2021 AED (Unaudited)</i>	<i>31 December 2020 AED (Audited)</i>
Legal claims raised by customers	648,871,502	526,768,319

There are cases which have been decided against the Group and as per the court order the Group is liable to pay an amount of AED 719,856,701 out of which an amount of AED 648,871,502 is still payable to the customers. These amounts pertain to the advances received from the customer earlier which is already recognised in liabilities.

The Group is currently in a dispute with the third party regarding the legal and contractual validity of the derivative contract. The matter was disclosed in the consolidated financial statements for the year ended 31 December 2019. Based on the legal advice there is no contract between the party and the Group, no provision is required against the above as there is no outstanding contract, legal case or outstanding dispute as confirmed by the lawyer.

D) Bank contingencies

	<i>30 June 2021 AED (Unaudited)</i>	<i>31 December 2020 AED (Audited)</i>
Letters of guarantee	2,306,861	2,759,040

21 FAIR VALUES

The level in the fair value hierarchy within which the fair value measurement is categorised in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose significance of the inputs is assessed against the fair value measurement in its entirety. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgement, considering factors specific to the asset or liability. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs or any other significant unobservable inputs, that measurement is a Level 3 measurement.

WAHAT AL ZAWEYA HOLDING PJSC and its subsidiaries
NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
At 30 June 2021

21 FAIR VALUES (continued)

Disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and
- Inputs for the assets or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The table below analyses the Group's financial asset, liabilities and investment properties that are measured at fair value as at 30 June 2021 and 31 December 2020:

	<i>Level 1 AED</i>	<i>Level 2 AED</i>	<i>Level 3 AED</i>
At 30 June 2021 (unaudited)			
Investment properties	-	-	2,277,167,028
Financial assets at fair value through other comprehensive income	20,650,000	-	-
At 31 December 2020 (audited)			
Investment properties	-	-	2,278,764,423
Financial assets at fair value through other comprehensive income	29,050,000	-	-

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value the instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

There were no transfers between any levels during the period/year.

The carrying values of financial assets and financial liabilities of the Group approximate their fair values, as they are either short term in nature, or held at amortised cost or fair value. The nominal values less impairment provision of trade and other receivables and payables are assumed to approximate their fair values as they are recoverable/and other within 12 months.

The Group has investment properties which fall under level 3 amounted to AED 2,277,167,028 (2020: AED 2,278,764,423) (note 9).

The fair value of other financial assets and liabilities approximated their carrying amounts.

22 SUBSEQUENT EVENTS

On 28 July 2021, the name of the Company has changed from 'Wahat Al Zaweya Holding PJSC' to 'Anan Investment Holding PJSC'.

23 COVID-19 ASSESSEMENT

Covid-19 was declared a world-wide pandemic by the World Health Organization on 11 March 2020. The measures taken by various Governments across the world to slow the spread of Covid-19 have had a significant impact on the global economy and businesses. Whilst the existing and anticipated effects of the outbreak of Covid-19 on the economies and businesses are expected to evolve in an uncertain manner, we are cautiously optimistic that the pandemic would be brought under control with the numerous vaccines being deployed, and a semblance of 'new normality' expected to arise thereafter.

The Company has taken various measures, amongst others, in a proactive manner to ensure safety and wellbeing of its employees, strategic review of business plans, organizational changes, monitoring of cash flows and costs rationalization measures.

In light of the rapidly escalating situation, the Group has considered whether any adjustments and changes in judgments, estimates and assumptions, are required to be considered and reported in interim condensed consolidated financial statements. The Group concluded that as of the date of authorization of these interim condensed consolidated financial statements all the relevant impacts have been appropriately recorded in the interim condensed consolidated financial statements and no additional changes are required to the judgments and key estimates. As the Covid-19 situation remains fluid as of the date of authorization of these consolidated financial statements, the Group cannot reasonably ascertain the full extent of the probable impact of the Covid-19 disruptions on its operational and financial performance for the six month period ended 30 June 2021.