

## REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF MANAZEL PJSC

### **Introduction**

We have reviewed the accompanying interim condensed consolidated financial statements of **Manazel PJSC** (the "Company") and its subsidiaries (together, the "Group") as of June 30 2023, comprising of the interim consolidated statement of financial position as of June 30 2023, the related interim statement of comprehensive income, changes in equity, cash flows for the six months 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* (IAS. 34)". 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 IAS. 34.

### **Emphasis of matters**

- We draw attention to Note 16 to the consolidated financial statements; Group is carrying an amount of AED 378 Million as receivable from Government related entities in respect of infrastructure costs incurred by the Group on various developments amounting to AED 585 million during the period from 2007 to 2022. As per the management, they are in discussion with the authorities and have submitted all the relevant documents to substantiate their claim. But the outcome of the discussions and the timing of reimbursement is currently uncertain. Our opinion is not modified in this regard.
- We draw attention to Note 8 to the consolidated financial statements; one project with an estimated cost of AED 622 million under development has been on hold for the past three years. The management has restructured the development plan and appointed a main contractor to resume the construction activities. According to the management, there is no impairment as of June 30 2023, and all the costs incurred are recoverable. Our opinion is not modified in respect of this matter.

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***Emphasis of matters (continued)***

- We refer to Note 17 to the financial statements; The company recognizes the significance of the ongoing financial restructuring and its potential impact on the financial statements. As such, the notes to the financial statements provide information about the restructuring initiatives, their objectives, and anticipated outcomes.



Dubai  
August 12, 2023

Ref: HAMT/SUG/2022/6980

For HLB HAMT Chartered Accountants  
Signed by Vijay Anand  
Partner  
[Reg. No. 654]

**MANAZEL PJSC****INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**Six months period ended June 30 2023 (unaudited)**

	<b>Notes</b>	<b>Six months ended June 30</b>	
		<b>2023</b>	<b>2022</b>
		<b>AED '000</b>	<b>AED '000</b>
Revenue	5	<b>49,329</b>	45,340
Cost of revenue	5	<b><u>(25,961)</u></b>	<u>(30,434)</u>
<b>GROSS PROFIT</b>		<b>23,368</b>	14,906
Changes in fair value of investment properties, net			-
Loss on sale of investment properties			-
Finance costs	6	<b>(60,133)</b>	(42,016)
Selling and marketing expenses		<b>(1,224)</b>	(10)
General and administrative expenses	7	<b>(22,342)</b>	(22,903)
Other income		<b><u>242</u></b>	<u>7,342</u>
<b>LOSS FOR THE PERIOD</b>		<b><u>(60,089)</u></b>	<u>(42,681)</u>
<b>Attributable to:</b>			
Ordinary equity holders of the Parent		<b>(60,089)</b>	(42,681)
Non-controlling interest		<b><u>-</u></b>	<u>-</u>
		<b><u>(60,089)</u></b>	<u>(42,681)</u>
<b>Other comprehensive income:</b>			
<b><i>Items not to be reclassified subsequently to profit or loss:</i></b>			
Loss on revaluation of property, plant and equipment		-	-
<b><i>Items to be reclassified subsequently to profit or loss:</i></b>			
Profit/(loss) on hedging transactions		<u>-</u>	<u>-</u>
<b>Other comprehensive income/(loss) for the period</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b><u>(60,089)</u></b>	<u>(42,681)</u>
<b>Attributable to:</b>			
Ordinary equity holders of the Parent		<b>(60,089)</b>	(42,681)
Non-controlling interest		<b><u>-</u></b>	<u>-</u>
		<b><u>(60,089)</u></b>	<u>(42,681)</u>
<b>(Loss)/Earnings per share</b>			
<b>Basic and diluted</b>	4	<b><u>(0.02)</u></b>	<u>(0.02)</u>

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.

**MANAZEL PJSC**

**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**At June 30 2023**

	<i>Notes</i>	<i>(Unaudited)</i> <i>June 30,</i> <i>2023</i> <i>AED '000</i>	<i>(Audited)</i> <i>December 31,</i> <i>2022</i> <i>AED '000</i>
<b>ASSETS</b>			
Bank balances and cash	10	11,419	15,519
Trade and other receivables		1,356,881	1,328,074
Net investment in finance lease		41,538	45,106
Right of use asset		4,080	5,570
Development work-in-progress	8	178,107	181,710
Recoverable infrastructure costs, net		378,350	378,350
Investment properties	9	2,427,096	2,427,096
Property, plant and equipment		<u>1,080,022</u>	<u>1,083,243</u>
<b>TOTAL ASSETS</b>		<b><u>5,477,493</u></b>	<b><u>5,464,668</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Parent Company</b>			
Share capital	14	2,600,000	2,600,000
Retained earnings		111,103	171,192
Reserves		<u>354,559</u>	<u>354,559</u>
		<b>3,065,662</b>	<b>3,125,751</b>
<b>Non - controlling interest</b>		<u>-</u>	<u>-</u>
<b>TOTAL EQUITY</b>		<b><u>3,065,662</u></b>	<b><u>3,125,751</u></b>
<b>LIABILITIES</b>			
Trade and other payables		871,980	766,101
Lease liabilities		45,725	50,795
Bank borrowings	11	1,471,148	1,499,928
Advances from customers		15,728	15,171
Employees' end of service benefits		<u>7,250</u>	<u>6,922</u>
<b>TOTAL LIABILITIES</b>		<b><u>2,411,831</u></b>	<b><u>2,338,917</u></b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b><u>5,477,493</u></b>	<b><u>5,464,668</u></b>

CHAIRMAN

CHIEF EXECUTIVE OFFICER

The attached notes 1 to 18 form part of these interim condensed consolidated financial statements.