

Amwaj Properties Company

Public Shareholding Company

Condensed Interim Consolidated Financial Statements (Unaudited)

30 September 2021

Amwaj Properties Company
Public Shareholding Company

	<u>Pages</u>
- Report on review of the condensed interim consolidated financial statements	2
- Interim consolidated statement of financial position	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 condensed interim consolidated financial statements	7 - 9



Report on Review of the Condensed Interim Consolidated Financial Statements

To The Board of Directors
Amwaj Properties Company
Public Shareholding Company
Amman - Jordan

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of **Amwaj Properties Company**, comprising the interim consolidated statement of financial position as at 30 September 2021 and the related interim consolidated statement of comprehensive income, interim consolidated statement of changes in equity and interim consolidated statement of cash flows for the nine-months period then ended and the notes about condensed interim consolidated financial statements. Management is responsible for the preparation and presentation of this interim consolidated financial statement in accordance with International Accounting Standard number (34) "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed interim consolidated financial statement based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements number (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.

Material Uncertainty Related to Going Concern

The accompanying condensed interim consolidated financial statements have been prepared on a going concern basis, and as indicated in the condensed interim consolidated statement of financial position the accumulated losses reached 60% of the Company's capital, and the Company suffers from financial difficulties due to decrease in retail business and withdrawal of many international brands from the Hashemite Kingdom of Jordan, in addition to the negative impact of Corona Pandemic which resulted in the closure of many commercial centers and has forced lessors to grant rent concessions to lessees. These events indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern, and its continuity depends on its ability to implement the management's plan disclosed in note No. (7), which includes establishing a three or four-stars hotel in the available area in the mall. Additionally the banks granted the Company a grace period of (24) months.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements as 30 September 2021 is not prepared, in all material respects, in accordance with International Accounting Standard number (34) "Interim Financial Reporting".

31 October 2021
Amman - Jordan




Arab Professionals
Ibrahim Hammoudeh
License No. (606)

Amwaj Properties Company
Public Shareholding Company
Interim Consolidated Statement of Financial Position as at 30 September 2021
(In Jordanian Dinar)

	Note	30 September 2021 (Unaudited)	31 December 2020 (Audited)
Assets			
Non - current assets			
Investment properties		79,837,812	81,113,946
Property and equipment		8,109	11,536
Investment in associate		18,695	21,232
Checks under collection - long term		238,500	52,988
Projects under construction		54,069	2,000
Total non - current assets		<u>80,157,185</u>	<u>81,201,702</u>
Current assets			
Accounts and notes receivables		2,368,109	1,671,627
Checks under collection - short term		372,874	815,029
Amounts due from related parties		289,546	244,808
Other assets		403,670	243,412
Cash and cash equivalents		2,117,818	90,457
Total current assets		<u>5,552,017</u>	<u>3,065,333</u>
Total assets		<u>85,709,202</u>	<u>84,267,035</u>
Equity and Liabilities			
Equity			
	3		
Paid - in capital		30,000,000	30,000,000
Shares discount		-	(4,242,055)
Accumulated losses		(17,930,181)	(12,422,431)
Net shareholders' equity		<u>12,069,819</u>	<u>13,335,514</u>
Non - controlling interest		9,756,129	8,597,082
Net equity		<u>21,825,948</u>	<u>21,932,596</u>
Liabilities			
Non - current liabilities			
Credit facilities - long term		58,724,403	56,683,645
Deferred checks - long term		254,490	794,683
Total non - current liabilities		<u>58,978,893</u>	<u>57,478,328</u>
Current liabilities			
Deferred revenues		2,580,979	2,220,833
Accounts payable		1,129,113	1,109,556
Deferred checks - short term		693,539	859,793
Amounts due to related parties		-	258,438
Other liabilities		500,730	407,491
Total current liabilities		<u>4,904,361</u>	<u>4,856,111</u>
Total liabilities		<u>63,883,254</u>	<u>62,334,439</u>
Total equity and liabilities		<u>85,709,202</u>	<u>84,267,035</u>

"The accompanying notes from (1) to (7) are an integral part of these condensed interim consolidated financial statements and read with review report"

Amwaj Properties Company
Public Shareholding Company
Interim Consolidated Statement of Comprehensive Income
For the Nine Months Ended at 30 September 2021 (Unaudited)
(In Jordanian Dinar)

	For the three months ended		For the nine months ended	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Revenues	1,251,202	1,046,224	3,362,363	3,408,974
Operating expenses	<u>(1,176,226)</u>	<u>(1,054,270)</u>	<u>(2,963,667)</u>	<u>(2,987,372)</u>
Gross (loss) profit	74,976	(8,046)	398,696	421,602
Administrative and marketing expenses	(65,402)	(68,928)	(364,147)	(338,563)
Finance expenses	(661,806)	(842,719)	(2,193,424)	(2,514,707)
Share from associate company operations	-	12,403	(2,537)	(72,410)
Other revenues	<u>21,764</u>	<u>19,301</u>	<u>54,764</u>	<u>53,370</u>
Total comprehensive loss for the period	<u>(630,468)</u>	<u>(887,989)</u>	<u>(2,106,648)</u>	<u>(2,450,708)</u>
Attributable to :				
Shareholders of the company	(324,079)	(563,118)	(1,265,695)	(1,556,176)
Non - controlling interest	<u>(306,389)</u>	<u>(324,871)</u>	<u>(840,953)</u>	<u>(894,532)</u>
	<u>(630,468)</u>	<u>(887,989)</u>	<u>(2,106,648)</u>	<u>(2,450,708)</u>
Basic and diluted losses per share for the period	<u>(0.011)</u>	<u>(0.019)</u>	<u>(0.042)</u>	<u>(0.052)</u>

“The accompanying notes from (1) to (7) are an integral part of these condensed interim consolidated financial statements and read with review report”

Amwaj Properties Company
Public Shareholding Company
Interim Consolidated Statement of Changes in Equity For the Nine Months Ended at 30 September 2021 (Unaudited)
(In Jordanian Dinar)

	<u>Paid - in capital</u>	<u>Shares discount</u>	<u>Accumulated losses</u>	<u>Net shareholders' equity</u>	<u>Non - controlling interest</u>	<u>Total equity</u>
Balance at 1 January 2021	30,000,000	(4,242,055)	(12,422,431)	13,335,514	8,597,082	21,932,596
Extinguishment of shares discount (Note 3)	-	4,242,055	(4,242,055)	-	-	-
Non - controlling interest (Note 3)	-	-	-	-	2,000,000	2,000,000
Total comprehensive loss for the period	-	-	(1,265,695)	(1,265,695)	(840,953)	(2,106,648)
Balance at 30 September 2021	30,000,000	-	(17,930,181)	12,069,819	9,756,129	21,825,948
Balance at 1 January 2020	30,000,000	(4,242,055)	(10,208,080)	15,549,865	9,871,527	25,421,392
Total comprehensive loss for the period	-	-	(1,556,176)	(1,556,176)	(894,532)	(2,450,708)
Balance at 30 September 2020	30,000,000	(4,242,055)	(11,764,256)	13,993,689	8,976,995	22,970,684

“The accompanying notes from (1) to (7) are an integral part of these condensed interim consolidated financial statements and read with review report”

Amwaj Properties Company
Public Shareholding Company
Interim consolidated statement of cash flows
For the Nine Months Ended at 30 September 2021 (Unaudited)

(In Jordanian Dinar)

	30 September 2021	30 September 2020
Operating activities		
Loss for the period	(2,106,648)	(2,450,708)
Depreciation	1,341,869	1,353,420
Share from associate company operations	2,537	72,410
Credit facilities interest	2,040,758	-
Changes in working capital		
Accounts and notes receivables	(696,482)	(1,224,321)
Other assets	(160,258)	(363,137)
Amounts due from / to related parties	(303,176)	838,039
Checks under collection	(256,643)	883,662
Accounts payable	19,557	(105,241)
Other liabilities	93,239	(29,031)
Deferred checks	(706,447)	151,105
Deferred revenues	360,146	21,689
Net cash flows from (used in) operating activities	141,738	(852,113)
Investing activities		
Investment properties	(64,214)	(83,407)
Property and equipment	1,906	(230)
Projects under construction	(52,069)	(15,690)
Net cash flows used in investing activities	(114,377)	(99,327)
Financing activities		
Non-Controlling interest capital increase in subsidiary company	2,000,000	-
Credit facilities	-	876,984
Net Cash flows from financing activities	2,000,000	876,984
Changes in cash and cash equivalents		
Cash and cash equivalents, beginning of year	90,457	201,681
Cash and cash equivalents, end of period	2,117,818	127,225

“The accompanying notes from (1) to (7) are an integral part of these condensed interim consolidated financial statements and read with review report”

Amwaj Properties Company
Public Shareholding Company
Notes to the condensed interim consolidated financial statements (Unaudited)
30 September 2021

(In Jordanian Dinar)

1 . General

Amwaj Properties Company PLC. Was established on 26 February 2008 as a Public Shareholding Company and registered at the Ministry of Trade and Industry under number (449). The Company head office is in the Hashemite Kingdom of Jordan. The company's main objective is exercising all real estate investment activities.

The Company stocks are listed in Amman Stock Exchange – Jordan.

The accompanying condensed interim consolidated financial statements have been approved for issue by the Company's Board of Directors on 31 October 2021.

2 . Summary of Significant Accounting Policies

Basis of Preparation

The condensed interim Consolidated financial statements of the company have been prepared in accordance with IAS (34) "Interim Financial Reporting". They do not include all of the information required in annual financial statements in accordance with IFRS, and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2020.

The condensed interim consolidated financial statements have been prepared on a historical cost basis.

The condensed interim consolidated financial statements are presented in Jordanian Dinar which is the functional currency of the company.

The accounting policies are consistent with those used in the previous period, except for the adoption of new and amended standards effective as at the beginning of the year.

Basis of Consolidation

The condensed interim consolidated financial statements comprise of the financial statements of the parent and its subsidiary where the Company has the power to govern the financial and operating policies of the subsidiary so as to obtain benefits from their activities. The financial statements of the subsidiary are prepared for the same reporting year as the Company using consistent accounting policies. All balances, transactions, income, and expenses between the Company and its subsidiary are eliminated.

Subsidiary is fully consolidated from the date of acquisition, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases.

The results of operations of the subsidiary are consolidated in the statement of comprehensive income from the acquisition date which is the date on which control over subsidiary is transferred to the Company. The results of operation of the disposed subsidiary are consolidated in the consolidated statement of comprehensive income to the disposal date which is the date on which the Company losses control over the subsidiary.

The following is the information of the subsidiary that have been consolidated:

<u>Company</u>	<u>Activity</u>	<u>Paid capital</u>	<u>Ownership</u>	<u>Registration country</u>
Al-Yaqout Real Estate Co. L.L.C	Real Estate	25,921,191	51.40%	Jordan

The above mentioned company is registered and operates inside of the Hashemite Kingdom of Jordan.

Use of estimates

The preparation of the condensed interim consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of financial assets and liabilities and disclosure of contingent liabilities. These estimates and assumptions also affect the revenues, expenses and the provisions. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty and actual results may differ resulting in future changes in such provisions.

Management believes that the estimates are reasonable and are as follows:

- Management reviews periodically the tangible assets in order to assess the depreciation for the year based on the useful life and future economic benefits. Any impairment is taken to the interim consolidated statement of profit or loss.
- The measurement of impairment losses under IFRS 9 requires judgment, in particular, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, changes in which can result in different levels of allowances. Elements of the expected credit loss model that are considered accounting judgments and estimates include Probability of default (PD), Loss given default (LGD) and Exposure at default (EAD).

3 . Equity

Extinguishment of shares discount

The General Assembly of the subsidiary company decided in its extra ordinary meeting held on 7 April 2021 to decrease its capital from (45,940,000) JOD/share to (23,314,636) JOD/share through the extinguishment of the accumulated loss balance amounted to JOD (15,905,364) and the shares discount balance of JOD (6,720,000) as at 31/12/2020.

Non - controlling interest

The General Assembly of the subsidiary company decided in its extra ordinary meeting held on 18 July 2021 to increase its capital with the amount of (4) million JOD/share, with a discount of (500) fils per share.

4 . Tax Status

- The Company has settled its tax liability with Income Tax Department up to the year ended 2017.
- The income tax returns for the years (2018, 2019 and 2020) has been filed with the Income Tax Department but the Department has not reviewed the Company's records till the date of this report.
- No income or national contribution tax provisions have been taken on the Company's results of operations for the nine months ended at 30 September 2021 as the Company's expenses exceeded its taxable revenues.

5 . Law suits

The Company is contingently liable against several law suits amounted to JOD (3,129,026). Management and legal counsel believe that the outcome of these cases will not have a material impact on the financial position of the company.

6 . Contingent liabilities

The company is contingently liable against bank letters of guarantees amounting to JOD (79,990).

7 . Management plan

As shown in the interim consolidated statement of financial position the accumulated losses reached approximately 60% of the Company's capital. Like other malls, it has suffered from great financial difficulties due to the decrease in retail business and the withdrawal of many international brands from the Hashemite Kingdom of Jordan, in addition to the negative effects of the Corona Pandemic which resulted in closing commercial centers and has forced lessors to grant rent concessions to lessees. All of these matters indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern, and its continuation depends on its ability to implement the management's plan, which includes establishing a three or four-star hotel on the floors from 2nd to 5th, which is expected to start operating at the beginning of the year 2023, in addition to that, the Company will transfer the rented stores on those floors to other locations so that the Company will not lose any rental revenues. Also, the banks have agreed to give the company a grace period of (24) months and to reduce the interest rate to (4%) for four years after the grace period, (5%) for the following four years, and (6%) for the rest of the loan life, provided that the main partners of Al-Yaqout Real Estate LLC (subsidiary company) commit to finance the establishment of the hotel, and increase its capital by an amount of JOD (5) million, for the construction of the hotel during the grace period.