

Amwaj Properties Company

Public Shareholding Company

Condensed Interim Consolidated Financial Statements (Unaudited)

30 June 2022

Amwaj Properties Company
Public Shareholding Company

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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 June 2022 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 six-months period then ended and the notes about 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 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 condensed 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

As indicated in the interim consolidated statement of financial position, the Company's accumulated losses represent 67% of its capital, and the Company suffers from financial difficulties due to the decline in the retail business. This situation indicates 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. (6), which include establishing a five-star hotel in the available area in the mall, additionally the banks granted the Company grace period of (24) months for its facilities.

Conclusion

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

31 July 2022
Amman - Jordan



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Amwaj Properties Company
Public Shareholding Company
Interim Consolidated Statement of Financial Position as at 30 June 2022

(In Jordanian Dinar)

	30 June 2022 (Unaudited)	31 December 2021 (Audited)
Assets		
Non - current assets		
Investment properties	76,235,261	79,384,163
Projects under construction	3,654,712	340,505
Property and equipment	21,031	20,905
Investment in associate	15,598	18,136
Checks under collection - long term	203,604	241,140
Total non - current assets	80,130,206	80,004,849
Current assets		
Amounts due from related parties	70,714	45,131
Other current assets	350,698	269,134
Accounts and notes receivables	1,314,133	1,377,344
Checks under collection - short term	745,689	1,401,539
Cash and cash equivalents	2,110,780	2,129,773
Total current assets	4,592,014	5,222,921
Total assets	84,722,220	85,227,770
Equity and Liabilities		
Equity		
Paid - in capital	30,000,000	30,000,000
Accumulated losses	(19,959,937)	(19,252,308)
Net Shareholders equity	10,040,063	10,747,692
Non - controlling interest	11,054,912	10,180,247
Net equity	21,094,975	20,927,939
Liabilities		
Non - current liabilities		
Credit facilities - long term	58,974,614	59,424,080
Current liabilities		
Amounts due to related parties	108,017	-
Credit facilities - short term	1,750,000	-
Deferred revenues	1,088,170	2,388,399
Accounts payable	961,103	1,109,640
Deferred checks	465,133	903,462
Other current liabilities	280,208	474,250
Total current liabilities	4,652,631	4,875,751
Total liabilities	63,627,245	64,299,831
Total equity and liabilities	84,722,220	85,227,770

“The accompanying notes from (1) to (6) 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 Six Months Ended at 30 June 2022 (Unaudited)
(In Jordanian Dinar)

	For the three months ended		For the six months ended	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021
Revenues	1,373,535	1,111,417	2,368,360	2,111,161
Operating expenses	(682,901)	(954,323)	(1,621,701)	(1,787,441)
Gross Profit	690,634	157,094	746,659	323,720
Administrative and marketing expenses	(137,765)	(133,770)	(313,300)	(298,745)
Finance expense	(657,120)	(731,746)	(1,302,189)	(1,531,618)
Share from associate company's results	(1,269)	-	(2,538)	(2,537)
Other revenues	7,006	23,944	38,404	33,000
Total comprehensive loss for the period	(98,514)	(684,478)	(832,964)	(1,476,180)
Attributable to :				
Shareholders of the company	(54,107)	(437,340)	(439,947)	(941,623)
Non-controlling interest	(44,407)	(247,138)	(393,017)	(534,557)
	(98,514)	(684,478)	(832,964)	(1,476,180)
Basic and diluted losses per share for the period	(0.002)	(0.014)	(0.015)	(0.032)

"The accompanying notes from (1) to (6) 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 Six Months Ended at 30 June 2022 (Unaudited)

(In Jordanian Dinar)

	Paid-in capital	Shares discount	Accumulated losses	Net shareholders equity	Non-controlling interest	Net Equity
Balance at 1 January 2022	30,000,000	-	(19,252,308)	10,747,692	10,180,247	20,927,939
Subsidiary company's capital adjustment	-	-	(267,682)	(267,682)	1,267,682	1,000,000
Total comprehensive loss for the period	-	-	(439,947)	(439,947)	(393,017)	(832,964)
Balance at 30 June 2022	<u>30,000,000</u>	<u>-</u>	<u>(19,959,937)</u>	<u>10,040,063</u>	<u>11,054,912</u>	<u>21,094,975</u>
Balance at 1 January 2021	30,000,000	(4,242,055)	(12,422,431)	13,335,514	8,597,082	21,932,596
Total comprehensive loss for the period	-	-	(941,623)	(941,623)	(534,557)	(1,476,180)
Balance at 30 June 2021	<u>30,000,000</u>	<u>(4,242,055)</u>	<u>(13,364,054)</u>	<u>12,393,891</u>	<u>8,062,525</u>	<u>20,456,416</u>

"The accompanying notes from (1) to (6) 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 Six Months Ended at 30 June 2022 (Unaudited)

(In Jordanian Dinar)

	30 June 2022	30 June 2021
Operating Activities		
Loss for the period	(832,964)	(1,476,180)
Depreciation	841,876	889,119
Share from associate company's results	2,538	2,537
Finance expense	1,300,534	1,390,254
Changes in Working Capital		
Accounts and notes receivables	63,211	404,620
Other current assets	(81,564)	(316,743)
Checks under collection	693,386	87,011
Accounts payable	(148,537)	(113,629)
Other current liabilities	(194,042)	143,902
Deferred checks	(438,329)	(502,257)
Deferred revenues	(1,300,229)	(324,079)
Net cash flows (used in) from operating activities	<u>(94,120)</u>	<u>184,555</u>
Investing Activities		
Investment properties	(134,729)	(124)
Property and equipment	(2,309)	2,092
Projects under construction	(870,269)	-
Net cash flows (used in) from investing activities	<u>(1,007,307)</u>	<u>1,968</u>
Financing Activities		
Non-controlling interest (Subsidiary company's capital adjustment)	1,000,000	-
Amounts due from/to related parties	82,434	(185,440)
Net cash flows from (used in) financing activities	<u>1,082,434</u>	<u>(185,440)</u>
Changes in cash and cash equivalents	(18,993)	1,083
Cash and cash equivalents, beginning of year	2,129,773	90,457
Cash and cash equivalents, end of period	<u>2,110,780</u>	<u>91,540</u>

"The accompanying notes from (1) to (6) 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 June 2022

(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 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 July 2022.

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 2021.

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 condensed interim consolidated 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 condensed interim consolidated 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.

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

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

The following is the information of the subsidiary that has 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	27,921,191	47.7%	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 . 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, 2020 and 2021 have 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 tax provision has been taken on the Company's results of operations for the six months ended at 30 June 2022, because the taxable expenses exceeded the taxable income.

4 . Law suits

The Company is contingently liable against several law suits amounted to JOD (3,129,025). Management and legal counsel believe that the outcome of these cases will not have a material impact on the condensed consolidated financial position of the Company.

5 . Contingent liabilities

The Company is contingently liable against bank letters of guarantees amounting to JOD (79,990), with a cash margin amounted to JOD (25,990).

6 . Material uncertainty related to going concern

As indicated in the interim consolidated statement of financial position, the Company's accumulated losses represent 67% of its capital, and the Company suffers from financial difficulties due to the decrease in retail business. This situation indicates 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 following plan which includes establishing a five-star hotel in the 2nd till 5th floor, 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 agreed to postpone the payment of installments for a period of (24) months, and to reduce the interest rate to 4% for four years after the grace period, 5% for the next four years, and 6% for the end of the loan life, providing that the partners commit to finance the construction of the hotel, and any additional expenses and to increase the capital of Al-Yaqout Properties Company LLC (the subsidiary company) in the amount of JOD (5) million for the establishment of the hotel, and commitment to complete the hotel project during the grace period of (24) months.