

WAHAT AL ZAWEYA HOLDING PJSC

**Interim condensed consolidated financial statements
for the six-month period ended 30 June 2020
(unaudited)**

Wahat Al Zaweya Holding PJSC

Interim condensed consolidated financial statements for the six-month period ended 30 June 2020

Pages

Review report on interim condensed consolidated financial statements	1 - 2
Interim condensed consolidated statement of financial position	3
Interim condensed consolidated statement of profit or loss	4
Interim condensed consolidated statement of comprehensive income	5
Interim condensed consolidated statement of changes in equity	6
Interim condensed consolidated statement of cash flows	7
Notes to the interim condensed consolidated financial statements	8 - 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 2020, which comprise the interim consolidated statement of financial position as at 30 June 2020 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 this 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 86 million during the six month period ended 30 June 2020 (30 June 2019: profit of AED 82 million) and that, as of that date, it had accumulated losses of AED 8 million (31 December 2019: retained earnings of AED 78 million) and its current liabilities exceeded its current assets by AED 2,878 million (31 December 2019: AED 2,543 million). 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. Notwithstanding, these interim condensed consolidated financial statements have been prepared on a going concern basis on the basis described in note 2.1. Our conclusion is not qualified in respect of this matter.

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

Other matters

The interim condensed consolidated financial statements of the Group as of 30 June 2019 were reviewed by another auditor whose report dated 14 August 2019 expressed an unmodified conclusion on those statements. Also, the consolidated financial statements as of 31 December 2019 were audited by another auditor whose report dated 13 May 2020 expressed an unmodified opinion with an emphasis of matter paragraph on those consolidated financial statements.

For Ernst & Young



Signed by:
Ashraf Abu-Sharkh
Partner
Registration No. 690

5 August 2020

Abu Dhabi, United Arab Emirates

WAHAT AL ZAWEYA HOLDING PJSC

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	30 June 2020 AED (Unaudited)	31 December 2019 AED (Audited)
ASSETS			
Property and equipment	7	15,766,817	13,463,021
Development properties	8	2,769,939,247	2,648,810,477
Investment properties	9	2,315,868,235	2,316,301,598
Right-of-use assets		5,102,217	6,058,881
Financial assets at fair value through other comprehensive income	10	33,600,000	43,190,000
Trade and other receivables		9,812,836	15,991,957
Cash and bank balances	11	81,914,824	66,460,495
Total assets		5,232,004,176	5,110,276,429
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		(19,642,821)	(19,395,090)
Fair value reserve for financial assets at fair value through other comprehensive income		(36,400,000)	(26,810,000)
(Accumulated losses)/retained earnings		(7,816,174)	78,253,038
Total equity		1,500,417,545	1,596,324,488
LIABILITIES			
Banking loans and facilities	15	592,816,341	659,933,732
Provision for employees' end of service benefits		2,418,867	6,105,814
Lease liabilities		5,400,962	6,180,695
Trade and other payables	16	1,989,765,834	1,867,117,340
Due to a related party	18	7,434,242	1,772,855
Advances from customers, net	17	1,133,750,385	972,841,505
Total liabilities		3,731,586,631	3,513,951,941
Total equity and liabilities		5,232,004,176	5,110,276,429

Abdullah Brook Alhameiri
Vice Chairman

Anas Subhi Ahmed Alatreh
Group President

The attached notes 1 to 22 form part of this condensed interim consolidated financial information.

WAHAT AL ZAWEYA HOLDING PJSC

INTERIM CONSOLIDATED PROFIT OR LOSS

For the period ended 30 June 2020

		<i>For the six-month period ended 30 June</i>	
	<i>Notes</i>	2020 AED (Unaudited)	2019 AED (Unaudited)
Revenue from contracts with customers	4	2,235,266	466,794,615
Cost of revenue		(389,409)	(266,655,029)
Gross profit		1,845,857	200,139,586
Selling, general and administrative expenses	5	(29,155,154)	(60,842,872)
Other income		762,118	487,792
Operating (loss)/profit		(26,547,179)	139,784,506
Interest income		-	532,437
Finance costs		(59,522,033)	(57,992,998)
(LOSS)/PROFIT FOR THE PERIOD		(86,069,212)	82,323,945
Earnings per share			
Basic and diluted (AED)	6	(0.04)	0.04

The attached notes 1 to 22 form part of this interim condensed consolidated financial statements.

WAHAT AL ZAWEYA HOLDING PJSC

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period ended 30 June 2020

		<i>For the six-month period ended 30 June</i>	
	<i>Notes</i>	2020 AED (Unaudited)	2019 AED (Unaudited)
(Loss)/profit for the period		(86,069,212)	82,323,945
<i>Items that maybe reclassified to profit or loss in subsequent periods</i>			
Exchange (loss)/gain on translation of foreign operations		(247,731)	251,816
<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	(9,590,000)	(6,400,000)
Other comprehensive (loss)/income for the period		(9,837,731)	(6,148,184)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD		(95,906,943)	76,175,761

The attached notes 1 to 22 form part of this interim condensed consolidated financial statements.

WAHAT AL ZAWEYA HOLDING PJSC

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period ended 30 June 2020

	<i>Share Capital AED</i>	<i>Legal reserve AED</i>	<i>Acquisition reserve AED</i>	<i>Foreign currency translation reserve AED</i>	<i>fi n c</i>
Balance at 1 January 2019 (audited) (restated)*	2,312,729,034	7,456,112	(755,908,606)	(19,940,606)	(
Profit for the period	-	-	-	-	
Other comprehensive income/(loss) for the period	-	-	-	251,816	
Total comprehensive income/(loss) for the period	-	-	-	251,816	
Dividends declared (note 12)	-	-	-	-	
Balance at 30 June 2019 (unaudited)	<u>2,312,729,034</u>	<u>7,456,112</u>	<u>(755,908,606)</u>	<u>(19,688,790)</u>	(
Balance at 1 January 2020 (audited)	2,312,729,034	7,456,112	(755,908,606)	(19,395,090)	(
Loss for the period	-	-	-	-	
Other comprehensive loss for the period	-	-	-	(247,731)	
Total comprehensive loss for the period	-	-	-	(247,731)	
Balance at 30 June 2020 (unaudited)	<u>2,312,729,034</u>	<u>7,456,112</u>	<u>(755,908,606)</u>	<u>(19,642,821)</u>	(

* The balances will not match with the balances presented in interim condensed consolidated financial statements for the six-month period ended 30 June 2020 due to the restatement. Please refer note 32 of the consolidated financial statement for the year ended 31 December 2019 for the restatement a

The attached notes 1 to 22 form part of this interim condensed consolidated financial statements.

WAHAT AL ZAWEYA HOLDING PJSC
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the period ended 30 June 2020

		<i>Six-month period ended 30 June</i>	
	<i>Note</i>	2020 AED (Unaudited)	2019 AED (Unaudited)
OPERATING ACTIVITIES			
Profit for the period		(86,069,212)	82,323,945
Adjustments for:			
Depreciation of property and equipment	5	2,118,204	2,259,583
Depreciation of right-of-use assets	5	956,664	884,823
Finance costs		59,522,034	57,992,998
Provision for employees' end of service benefits		320,423	621,292
		(23,151,887)	144,082,641
Changes in working capital:			
Development properties		(123,548,870)	12,339,848
Trade and other receivables		6,179,121	(15,547,525)
Trade and other payables		115,350,270	76,318,819
Due to a related party		5,661,387	-
Advances from customers, net		160,908,880	(213,358,797)
Cash generated from operations		141,398,901	3,834,986
Payment of employees' end of service benefits		(488,000)	(138,693)
Net cash generated from operating activities		140,910,901	3,696,293
INVESTING ACTIVITIES			
Purchases of property and equipment	7	(2,001,900)	(237,897)
Purchases of investment properties		-	(77,674)
Net cash used in investing activities		(2,001,900)	(315,571)
FINANCING ACTIVITY			
Payments to banking loans and facilities, net		(67,117,391)	(37,146,182)
Fixed deposits		-	30,000,000
Margin deposits		(1,974,326)	(4,999,988)
Lease liabilities paid		(1,031,886)	(999,876)
Dividends paid		-	(13,000,000)
Finance cost paid		(55,491,027)	(55,468,190)
Net cash used in financing activities		(125,614,630)	(81,614,236)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		13,294,371	(78,233,514)
Net foreign exchange difference		185,632	251,816
Cash and cash equivalents at beginning of the period		31,229,714	141,381,380
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD			
	11	44,709,717	63,399,682

The attached notes 1 to 22 form part of this interim condensed consolidated financial statements.

WAHAT AL ZAWEYA HOLDING PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2020

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.

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.

During the period ended 30 June 2019, the major shareholder ‘Tabarak Commercial Investment LLC’ sold 40% from its ownership in the Company to Royal Majestic Investment - Sole Proprietorship LLC. In addition, Al Motamad Labour Supply Services Company sold 100% from its ownership to Al Rakaaiz Investment LLC. The Company’s shareholding is shown in note 12.

The Company has either directly or indirectly the following subsidiaries:

Subsidiaries	Principle activities	Beneficial ownership in		County of incorporation
		2020	2019	
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.

This interim condensed consolidated financial statements was authorised for issue by the Board of Directors on 5 August 2020 and signed on its behalf.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 GOING CONCERN

For the six-month period ended 30 June 2020, the Group incurred loss of AED 86 million (30 June 2019: profit of AED 82 million) and as of that date, the Group has accumulated losses of AED 8 million (31 December 2019: retained earnings of AED 78 million) and its current liabilities exceeded its current assets by AED 2,878 million (31 December 2019: AED 2,543 million). 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).

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.1 GOING CONCERN (continued)

As of 30 June 2020, 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. 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 2020 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 2019, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

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

The accounting policies used in the preparation of this 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 2019, except for the adoption of new standards effective as of 1 January 2020. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time in 2020, but do not have an impact on interim condensed consolidated financial statements of the Group as noted below:

- Amendments to IFRS 3: Definition of a Business
- Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform
- Amendments to IAS 1 and IAS 8: Definition of Material
- Conceptual Framework for Financial Reporting issued on 29 March 2018

2.4 BASIS OF CONSOLIDATION

These interim condensed consolidated financial statements incorporates the financial information of Wahat Al Zaweya 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 interim condensed consolidated financial statements comprises the financial statements of Wahat Al Zaweya Holding PJSC and its subsidiaries. The financial information of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies.

WAHAT AL ZAWEYA HOLDING PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2020

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

2.5 ESTIMATES

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 financial information, 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 2019.

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 financial information 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 2019.

There have been no changes in the risk management process since the year ended 31 December 2019 or in any risk management policies.

4 REVENUE FROM CONTRACTS WITH CUSTOMERS

	<i>Six-month period ended 30 June</i>	
	2020 AED (Unaudited)	2019 AED (Unaudited)
Sales of development properties	-	465,077,186
Rental income	2,235,266	1,717,429
	2,235,266	466,794,615

5 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

	<i>Six-month period ended 30 June</i>	
	2020 AED (Unaudited)	2019 AED (Unaudited)
Selling, commissions and other marketing expenses	8,156,350	35,712,698
Staff costs	9,998,692	13,815,628
Legal expenses	4,087,077	-
Depreciation expense of property and equipment (note 7)	2,118,204	2,259,583
Depreciation on right-of-use assets	956,664	884,823
Bank charges	847,460	660,959
Social contribution	-	174,000
Other expenses	2,990,707	7,335,181
	29,155,154	60,842,872

WAHAT AL ZAWEYA HOLDING PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2020

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 2020 and 2019, 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>	
	2020	2019
	AED	AED
	(Unaudited)	(Unaudited)
Profit for the period attributable to the ordinary equity holders of the Company	(86,069,212)	82,323,945
Weighted average number of ordinary shares in issue	2,312,729,034	2,312,729,034
Basic and diluted earnings per share	(0.04)	0.04

7 PROPERTY AND EQUIPMENT

	AED
Six-month ended 30 June 2020 (unaudited)	
At 1 January 2020	13,463,021
Additions	2,001,900
Depreciation (note 5)	(2,118,204)
Transfer from development properties (note 8)	2,420,100
At 30 June 2020	15,766,817
Year ended 31 December 2019 (audited)	
At 1 January 2019	17,192,271
Additions	844,983
Depreciation	(4,574,233)
At 31 December 2019	13,463,021

8 DEVELOPMENT PROPERTIES

	AED
Six months ended 30 June 2020 (unaudited)	
At 1 January 2020	2,648,810,477
Additions	123,548,870
Less: transfer to property and equipment (note 7)	(2,420,100)
At 30 June 2020	2,769,939,247

WAHAT AL ZAWEYA HOLDING PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2020

8 DEVELOPMENT PROPERTIES (continued)

	<i>AED</i>
Year ended 31 December 2019 (audited)	
At 1 January 2019	2,463,962,654
Additions	228,158,802
Capitalised expenses	48,883,027
Less: cost of properties recognised in sales	(92,194,006)
	<u>2,648,810,477</u>
At 31 December 2019	<u>2,648,810,477</u>

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.

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.

9 INVESTMENT PROPERTIES

	<i>AED</i>
Six months ended 30 June 2020 (unaudited)	
At 1 January 2020	2,316,301,598
Foreign currency exchange difference	(433,363)
	<u>2,315,868,235</u>
At 30 June 2020	<u>2,315,868,235</u>

	<i>AED</i>
Year ended 31 December 2019 (audited)	
At 1 January 2019	2,415,943,363
Change in fair value of investment properties	(100,349,224)
Foreign currency exchange difference	707,459
	<u>2,316,301,598</u>
At 31 December 2019	<u>2,316,301,598</u>

The fair value of the investment properties at the reporting date is determined internally by management personnel having sufficient current local and international knowledge of the respective property markets. The fair value of investment properties was determined using the comparable value approach. 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 2020 AED (Unaudited)</i>	<i>31 December 2019 AED (Audited)</i>
At 1 January	43,190,000	84,000,000
Disposals	-	(21,987,760)
Change in fair value	(9,590,000)	(18,822,240)
	<u>33,600,000</u>	<u>43,190,000</u>

WAHAT AL ZAWEYA HOLDING PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2020

10 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (continued)

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 period ended 30 June 2019. The shares of the investee are quoted in the Dubai Financial Market (DFM).

11 CASH AND BANK BALANCES

	30 June 2020 AED (Unaudited)	31 December 2019 AED (Audited)
Cash on hand	75,354	160,674
Cash at banks	44,634,363	31,069,040
Margin deposits (i)	37,205,107	35,230,781
	81,914,824	66,460,495

- (i) Margin deposits represent non-interest bearing deposits against guarantees with original maturities of more than 3 months held with a local banks.

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

	30 June 2020 AED (Unaudited)	30 June 2019 AED (Unaudited)
Cash and bank balances	81,914,824	93,612,971
Margin deposits	(37,205,107)	(30,213,289)
	44,709,717	63,399,682

12 SHARE CAPITAL

	30 June 2020 AED (Unaudited)	31 December 2019 AED (Audited)
Authorised, issued and paid up		
2,312,729,034 shares of AED 1 each		
(31 December 2019: 2,312,729,034 of AED 1 each)	2,312,729,034	2,312,729,034

WAHAT AL ZAWEYA HOLDING PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2020

12 SHARE CAPITAL (continued)

The shareholder ownership during the period ended 30 June 2020 is as follows:

	Ownership		No. of shares	
	30 June 2020	31 December 2019	30 June 2020 AED	31 December 2019 AED
Royal Majestic Investment - Sole Proprietorship L.L.C	49%	42%	1,125,959,542	965,500,000
Al Rakaaz Investment LLC	10%	12%	240,000,000	282,100,000
Tabarak Commercial Investment LLC	9%	11%	201,744,368	252,070,595
Ajman Bank P.J.S.C	11%	9%	250,000,000	200,000,000
Alssawari Real Estate Investment LLC	5%	7%	116,202,323	155,408,006
International Avenue Investment	3%	6%	71,640,664	133,971,962
Shuaa Capital P.J.S.C	2%	4%	52,000,000	102,000,000
Investors holding less than 5%	11%	9%	255,182,137	221,678,471
	100%	100%	2,312,729,034	2,312,729,034

Dividend

At the Annual General Meeting of the shareholders held on 25 May 2019, the shareholders approved a cash dividend of AED 52,000,000 for the performance of the year ended 31 December 2018 which represents 2.25% of the Company's share capital. During the year ended 31 December 2019, the Group paid an amount of AED 26,000,000 from the declared dividends and the remaining balance of AED 26,000,000 is recognized as a liability as detailed in Note 16.

13 LEGAL RESERVE

In accordance with the UAE Commercial Companies Law of 2015 and the articles of association of the Company, 10% of the profit for the year is transferred to a legal reserve until such reserve equals 50% of the share capital. This reserve is not available for distribution except in the circumstances stipulated by the law.

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 BANKING LOANS AND FACILITIES

	30 June 2020 AED (Unaudited)	31 December 2019 AED (Audited)
Term loans	583,431,527	650,114,164
Murabaha facilities	9,384,814	9,819,568
	592,816,341	659,933,732

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 (2019: EIBOR/LIBOR + 2.5% to 5% per annum and 5.75% to 6% per annum).

15 BANKING LOANS AND FACILITIES (continued)

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 2020 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 2020 is secured by investment through other comprehensive income amounting to AED 34 million.

The loans are subject to financial covenants as per facility agreement.

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 (2019: 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).

16 TRADE AND OTHER PAYABLES

	<i>30 June 2020 AED (Unaudited)</i>	<i>31 December 2019 AED (Audited)</i>
Trade payable	93,937,448	65,702,746
Payable for purchase of land (i)	671,989,530	644,705,159
Accrued project expenses (ii)	970,201,106	1,075,096,436
Accrued finance cost	3,778,854	2,226,414
Dividends payable (note 12)	26,000,000	26,000,000
Accrued project expense	48,966,208	4,000,000
Rent received in advance	-	347,339
Retention payable	35,663,302	31,479,528
Other accruals and payables	133,407,009	12,867,912
Municipality Registration Fees payable	5,822,377	4,691,806
	1,989,765,834	1,867,117,340

- The liability amounting to AED 347,359,529 (31 December 2019: AED 569,793,460) 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. Payment of AED 13,500,000 was made during the period ended 30 June 2020 (year ended 31 December 2019: AED 51,810,000). The payable for purchase of land is carried at amortised cost with an effective interest rate of 12.71% (2019: 12.30%) per annum calculated at the WACC of 11.6% (2019: 11.6%).
- 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.

WAHAT AL ZAWEYA HOLDING PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2020

17 ADVANCES FROM CUSTOMERS, NET

Advances from customers of AED 1,133,750,385 (31 December 2019: AED 972,841,505) 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 2020 AED (Unaudited)	30 June 2019 AED (Unaudited)
Short term benefits	-	1,166,700
Post-employment benefits	-	59,235
	-	1,225,935

Due to a related party

	30 June 2020 AED (Unaudited)	31 December 2019 AED (Audited)
Tabarak Commercial Investment LLC	7,434,242	1,772,855

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 2020 and 30 June 2019.

20 CONTINGENCIES AND COMMITMENTS

A) Capital expenditure commitments

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

	30 June 2020 AED (Unaudited)	31 December 2019 AED (Audited)
Signed contracts on development properties	2,291,964,826	2,312,683,897

WAHAT AL ZAWEYA HOLDING PJSC

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

At 30 June 2020

20 CONTINGENCIES AND COMMITMENTS (continued)

B) Sales commitments

	<i>30 June 2020 AED (Unaudited)</i>	<i>31 December 2019 AED (Audited)</i>
Total sales committed to customers	<u>4,436,059,767</u>	<u>4,723,318,801</u>

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 2020 is sufficient to meet the obligations that may arise from the lawsuits. Details of legal claims are as follows:

	<i>30 June 2020 AED (Unaudited)</i>	<i>31 December 2019 AED (Audited)</i>
Legal claims raised by customers	<u>99,743,619</u>	<u>85,698,740</u>

D) Bank contingencies

	<i>30 June 2020 AED (Unaudited)</i>	<i>31 December 2019 AED (Audited)</i>
Letters of guarantee	<u>3,016,113</u>	<u>2,181,856</u>

E) Other contingencies

During 2013, the Group entered into a zero-coupon interest rate swap (IRS) with a third party starting on 11 December 2013 and maturing on 11 December 2019. As per the terms of the IRS, the Group will pay a fixed rate of 2.15% and receive a floating rate of 3M USD Libor calculated on a notional amount of USD 100,000,000 (AED 367,300,000). The interest accrues on a quarterly basis and the settlement will occur at maturity of the agreement on 20 December 2019.

The Group is currently in a dispute with the third party regarding the legal validity of the IRS contract and the manner in which the contract was entered into. The Group has raised this matter with the appropriate UAE regulatory authorities and has sought legal advice accordingly. On the basis of this legal advice, the Group has chosen not to recognise this derivative transaction and disclose it as a contingent liability.

As at 30 June 2020, the fair value of this derivative transaction, as reported by the counterparty, was approximately AED 22 million (2019: AED 22 million). The Company and its legal advisor believe that the Group is in a strong position and there will be no future liability from it.

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.

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 property that are measured at fair value as at 30 June 2020 and 31 December 2019:

	<i>Level 1 AED</i>	<i>Level 2 AED</i>	<i>Level 3 AED</i>
At 30 June 2020 (unaudited)			
Investment properties	-	-	2,315,868,235
Financial assets at fair value through other comprehensive income	33,600,000	-	-
At 31 December 2019 (audited)			
Investment properties	-	-	2,316,301,598
Financial assets at fair value through other comprehensive income	43,190,000	-	-

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 2,315,868,235 (2019: AED 2,316,301,598) (note 9).

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

22 COVID-19 ASSESSEMENT

Economic activities have been impacted on account of the spread of the COVID-19 pandemic in the region. The Group's cash flows may be impacted, due to delays in collection and will require managing short- and medium-term liquidity requirements. The Group's management is closely monitoring the impact of the developments on the Group's operations and liquidity and has started to put in place required contingency measures. Management considers that the situation is fast evolving and the effect of the outbreak is by nature subject to significant levels of uncertainty, which cannot be estimated with precision.