Awtad PrJSC
Dubai - United Arab Emirates

Independent auditor's report on review of the condensed interim financial statements For the six months period ended June 30, 2019

Awtad PrJSC
Dubai - United Arab Emirates

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Independent auditor's report on review of the condensed interim financial statements

The Shareholders
Awtad PrJSC
United Arab Emirates

Introduction

We have reviewed the accompanying condensed interim financial statements of **Awtad PrJSC** (the "Entity") which comprise the condensed interim statement of financial position as at June 30, 2019 and the condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the six-months period then ended. Management is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these condensed interim 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 condensed interim financial information consists of making inquiries, primarily of persons responsible for the 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 condensed interim financial statements as at June 30, 2019 are not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting'.

Other matter:

The financial statements for the Entity for the year ended December 31, 2018 were audited by another auditor who expressed an unmodified opinion on the financial statements on March 06, 2019. Furthermore, the condensed interim financial statements for the six months period ended June 30, 2018 were reviewed by another auditor who expressed an unmodified conclusion on August 13, 2018.

For **Crowe Mak**

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SHARJAH
U.A.E.
CROWE MAK

Atik Munshi
Senior Partner
Regn. No. 483
Sharjah - United Arab Emirates

August 07, 2019

Registered with the Department of Economic Development, Sharjah (#214937) as a Partnership Firm
المسجلة لدى دائرة التنمية الاقتصادية في الشارقة كما كرو ماك (# ٢١٤٩٣٧) كشركة شراكة

Awtad PrJSC
Dubai - United Arab Emirates

Condensed interim statement of financial position as at June 30, 2019
In Arab Emirates Dirham

	Notes	Jun. 30, 2019 (Unaudited)	Dec. 31, 2018 (Audited)
Assets			
Non-current assets			
Investment property	5	**25,100,000**	25,100,000
Project under progress	6	**190,001,661**	190,001,661
Total non current assets		**215,101,661**	215,101,661
Current assets			
Advances, deposits and other receivables	8	**2,695,362**	2,740,912
Due from related parties	7	**23,837,517**	24,095,153
Bank balances	9	**59,982**	39,560
Total current assets		**26,592,861**	26,875,625
Total assets		**241,694,522**	241,977,286
Equity and liabilities			
Equity			
Share capital	10	**150,000,000**	150,000,000
Statutory reserve	11	**7,082,424**	7,082,424
Voluntary reserve	12	**7,082,424**	7,082,424
Retained earnings		**46,030,305**	46,326,194
Total equity		**210,195,153**	210,491,042
Non-current liabilities			
Loan from related party	7	**8,374,264**	8,374,264
Total non-current liabilities		**8,374,264**	8,374,264
Current liabilities			
Accounts and other payables	13	**23,125,105**	23,111,980
Total current liabilities		**23,125,105**	23,111,980
Total liabilities		**31,499,369**	31,486,244
Total equity and liabilities		**241,694,522**	241,977,286

The accompanying notes form an integral part of these financial statements.
The report of the auditor is set out on page 1.

These interim financial statements were approved for issue for on behalf of the Board of Directors on August 07, 2019.

Majid Abdalla Juma Majid Al Sari
Chairman

Mohammad Harib Fadhel Al Mazrooei
Vice Chairman

AWTAD P.J.S.C
P.O. BOX 22588, DUBAI, UAE

Awtad PrJSC
Dubai - United Arab Emirates

Condensed interim statement of profit or loss and other comprehensive income for the six months period ended June 30, 2019
In Arab Emirates Dirham

	Notes	Six months period ended	
		Jun 30, 2019 (Unaudited)	Jun 30, 2018 (Unaudited)
Administrative expenses	14	**(88,253)**	(151,548)
Finance costs	15	**(207,636)**	(201,287)
Net loss for the period		**(295,889)**	(352,835)
Other comprehensive income		**-**	-
Total comprehensive loss for the period		**(295,889)**	(352,835)
Basic loss per share (AED per share)	16	**(0.20)**	(0.24)

The accompanying notes form an integral part of these financial statements.
The report of the auditor is set out on page 1.

Awtad PrJSC
Dubai - United Arab Emirates

Condensed interim statement of changes in equity for the six months period ended June 30, 2019
In Arab Emirates Dirham

	Share capital	Statutory reserve	Voluntary reserve	Retained earnings	Total equity
Balance as at January 01, 2018 (Audited)	150,000,000	7,082,424	7,082,424	49,824,449	213,989,297
Total comprehensive loss (Unaudited)	-	-	-	(352,835)	(352,835)
Balance as at June 30, 2018 (Unaudited)	150,000,000	7,082,424	7,082,424	49,471,614	213,636,462
Balance as at January 01, 2019 (Audited)	150,000,000	7,082,424	7,082,424	46,326,194	210,491,042
Total comprehensive loss (Unaudited)	-	-	-	(295,889)	(295,889)
Balance as at June 30, 2019 (Unaudited)	**150,000,000**	**7,082,424**	**7,082,424**	**46,030,305**	**210,195,153**

The accompanying notes form an integral part of these financial statements.
The report of the auditor is set out on page 1.

Awtad PrJSC
Dubai - United Arab Emirates

Condensed interim statement of cash flows for the six months period ended June 30, 2019
in Arab Emirates Dirham

	Six months period ended	
	Jun 30, 2019 (Unaudited)	Jun 30, 2018 (Unaudited)
Cash flows from operating activities		
Net loss for the period	**(295,889)**	(352,835)
Adjustments for:		
Finance costs	**207,636**	201,287
	(88,253)	(151,548)
(Increase) / decrease in current assets		
Advances, deposits and other receivables	**45,550**	(1,116)
Due from related parties	**50,000**	-
Increase / (decrease) in current liabilities		
Accounts and other payables	**13,125**	(43,760)
Cash generated from / (used in) operations	**20,422**	(196,424)
Net cash from / (used in) operating activities	**20,422**	(196,424)
Cash flows from financing activities		
Proceeds of loans from related parties	**-**	256,063
Net cash from financing activities	**-**	256,063
Net increase in cash and cash equivalents	**20,422**	59,639
Cash and cash equivalents, beginning of the period	**39,560**	19,252
Cash and cash equivalents, end of the period	**59,982**	78,891
Cash and cash equivalents		
Cash at banks	**59,982**	78,891
	59,982	78,891

The accompanying notes form an integral part of these financial statements.
The report of the auditor is set out on page 1.

1 Legal status and business activities

Awtad PrJSC Dubai – United Arab Emirates (the "**Entity**") was registered on May 22, 2001 as a Private Joint Stock Company and operates in the United Arab Emirates in accordance with the ministerial decree No.90 issued by the Ministry of Economy on February 18, 2006.

The Entity is licensed to perform buying & selling in real estate.

The Entity is domiciled in Dubai - United Arab Emirates and its registered address is P.O. Box - 22588, Dubai, United Arab Emirates.

2 Basis of preparation

2.1 Statement of compliance

The condensed interim financial statements have been prepared in accordance with the International Accounting Standard No. 34, "Interim Financial Reporting".

The accounting policies used in the preparation of these condensed interim financial statements are consistent with those used in the Entity's audited annual financial statements for the year ended December 31, 2018.

These condensed interim financial statements do not include all of the information and foot notes required for full annual financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Entity's annual audited financial statements as at and for the year ended December 31, 2018. In addition, results for the six months period ended June 30, 2019 are not necessarily indicative of the results that may be expected for the financial year ended December 31, 2019.

2.2 Basis of measurement

These condensed interim financial statements are prepared under the historical cost convention except for certain elements which has been measured on the basis of fair value/valuation.

These condensed interim financial statements are presented in Arab Emirates Dirham (AED), which is the Entity's functional currency.

2.3 Judgements and estimates

The preparation of these condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements the significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as that were applied to annual audited financial statements for the year ended December 31, 2018.

2.4 Financial risk management

The Entity's financial risk management objective and policies are consistent with those disclosed in audited financial statements for the year ended December 31, 2018.

3 Summary of significant accounting policies

3.1 Investment properties

Land and building owned by the Entity for the purpose of generating rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes are classified as investment properties. Investment properties are initially measured at cost includes expenditure that are directly attributable to the acquisition of the investment properties.

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3 Summary of significant accounting policies (continued)

3.1 Investment properties (continued)

Subsequently they are measured at fair value with gains or losses arising from changes in fair value recognized in the condensed interim statement of comprehensive income.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognized in condensed interim statement of profit or loss and other comprehensive income when an investment that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

Investment properties are derecognized when either they have been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognized in the condensed interim statement of profit or loss and other comprehensive income.

Transfers are made to investment properties when only there is a change in use evidenced by ending of owner-occupation on commencement of an operating lease of significant portion of the property to another property. Transfers are made from investment properties when and only when there is a change in use based on the business model.

3.2 Project under progress

Projects under progress comprises properties under development for sale purpose mainly are carried at the lower of cost or net realizable value. Cost comprises all direct costs attributable to the design and construction of the property including staff costs. Net realizable value is the estimated selling price in the ordinary course of the business less estimated costs to complete and applicable variable selling expenses. up on completion of construction such properties are transferred to respective category as per management decision.

4 New standards and amendments

The new revised relevant IFRSs effective from January 01, 2019 had no significant impact on the condensed interim financial position or performance of the Entity during the period.



5 Investment property	Jun 30, 2019 (Unaudited)	Dec 31, 2018 (Audited)
Land	**25,100,000**	25,100,000
	25,100,000	25,100,000
Movements during the year are as follows:		
Balance at the beginning of the period/year	**25,100,000**	28,000,000
Loss on property revaluations	**-**	(2,900,000)
Balance at the end of the period/year	**25,100,000**	25,100,000

Investment property amounting to AED 25,100,000 (2018: 25,100,000) represent the fair value of two plots of land located in the Emirate of Dubai. The land was valued by an Independent Professional Real Estate surveyor as at December 31, 2018. Management believes that the fair value of investment properties as of June 30, 2019 is not materially different from the fair value by the Independent Professional Real Estate Surveyor as at December 31, 2018.

6 Project under progress	Jun 30, 2019 (Unaudited)	Dec 31, 2018 (Audited)
Balance at the beginning and end of the period/year	**190,001,661**	190,001,661

The project under progress represent the cost to date towards the construction of a hotel in the Dubai, United Arab Emirates.

7 Related party transactions

The Entity enters into transactions with other entities that fall within the definition of a related party as contained in IAS 24, Related party disclosures. Related parties comprise entities under common ownership and/or common management and control; their partners and key management personnel.

The management decides on the terms and conditions of the transactions and services received/rendered from/to related parties as well as other charges, if applicable.

a) Due from related parties	Jun 30, 2019 (Unaudited)	Dec 31, 2018 (Audited)
Gulf General Investment Company P.J.S.C. - Dubai, UAE	**3,201,281**	3,201,281
Al Soor Investments LLC - Dubai, UAE	**20,636,236**	20,893,872
	23,837,517	24,095,153

b) Loan from related party		
Al Soor Investments LLC - Dubai, UAE	**8,374,264**	8,374,264
	8,374,264	8,374,264

The above loan is at 5% per annum rate of interest and is payable without any fixed repayment schedule.

7 Related party transactions (continued)

c) Transactions with related parties

The nature of significant related party transactions and the amounts involved were as follows:

	Six months period ended	
	Jun 30, 2019 (Unaudited)	Jun 30, 2018 (Unaudited)
Interest on borrowings	**207,636**	201,287

Operating expenses for the entity are borne by the related parties and not recharged to the Entity.

8 Advances, deposits and other receivables

	Jun 30, 2019 (Unaudited)	Dec 31, 2018 (Audited)
Prepayments	**-**	10,000
Deposits	**1,000**	1,000
Advances to suppliers	**2,694,362**	2,729,912
	2,695,362	2,740,912

9 Bank balances

	Jun 30, 2019 (Unaudited)	Dec 31, 2018 (Audited)
Cash at banks	**59,982**	39,560
	59,982	39,560

Management has concluded that the Expected Credit Loss (ECL) for all bank balances is immaterial as these balances are held with banks/financial institutions whose credit risk rating by international rating agencies has been assessed as low.

10 Share capital

Authorised, issued and paid up capital of the Entity is AED 150,000,000, divided into 1,500,000 shares of AED 100 each fully paid.

	Jun 30, 2019 (Unaudited)	Dec 31, 2018 (Audited)
	150,000,000	150,000,000

11 Statutory reserve

	Jun 30, 2019 (Unaudited)	Dec 31, 2018 (Audited)
Balance at the beginning of the year	**7,082,424**	7,082,424
Balance at the end of the year	**7,082,424**	7,082,424

According to the Articles of Association of the Entity and UAE Federal Commercial Companies Law, 10% of annual net profits is allocated to the statutory reserve. The transfer to statutory reserve may be suspended, when the reserve reaches 50% of the paid up capital. This reserve is not available for distribution.

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12 Voluntary reserve

	Jun 30, 2019 (Unaudited)	Dec 31, 2018 (Audited)
Balance at the beginning of the year	**7,082,424**	7,082,424
Balance at the end of the year	**7,082,424**	7,082,424

According to the Articles of Association of the Entity, 10% of annual net profits is allocated to the Voluntary reserve, until a decision from the Ordinary General Assembly Meeting on a proposal by the Board of Directors to stop such deduction or if such reserve reaches 50% of the Entity's paid capital.

13 Accounts and other payables

	Jun 30, 2019 (Unaudited)	Dec 31, 2018 (Audited)
Accounts payables	**19,834,020**	19,834,020
Accruals	**34,125**	21,000
Retention payables	**3,256,960**	3,256,960
	23,125,105	23,111,980

14 Administrative expenses

	Six months period ended	
	Jun 30, 2019 (Unaudited)	Jun 30, 2018 (Unaudited)
Legal, visa and professional	**87,466**	144,023
Bank charges	**775**	550
Others	**12**	6,975
	88,253	151,548

15 Finance costs

	Six months period ended	
	Jun 30, 2019 (Unaudited)	Jun 30, 2018 (Unaudited)
Interest on borrowings	**207,636**	201,287
	207,636	201,287

16 Loss per share

	Six months period ended	
	Jun 30, 2019 (Unaudited)	Jun 30, 2018 (Unaudited)
Loss for the period attributable to the equity holders (in AED)	**(295,889)**	(352,835)
Number of shares	**1,500,000**	1,500,000
Basic loss per share (in AED)	**(0.20)**	(0.24)

17 Contingent liabilities

The Entity is a defendant in a lawsuit filed by Al Qabdah Global Building Contracting LLC in 2018, for unpaid certified work in progress amounting to AED 15,907,003 in respect of the construction of the hotel classified as project under progress as described in Note 6 to these financial statements. In response, the Entity has filed a counter claim for unsatisfactory performance on the project and has appointed New System Engineering LLC to replace Al Qabdah Global Building Contracting LLC as the contractor on the project. The amount of the counter claim will be determined based on the work expected to be carried out by the new contractor to rectify the identified structural issues. The matter is still pending with the courts but based on legal advice, management believe that the action can be successfully defended and therefore no losses (including for costs) will be incurred and accordingly no provision is deemed necessary.

Except for the above, and ongoing business obligations which are under normal course of business, there has been no other known contingent liability on Entity's condensed interim financial statements as of reporting date.

18 Commitments

	Jun 30, 2019 (Unaudited)	Dec 31, 2018 (Audited)
Project under progress	**114,644,289**	114,644,289

Except for the above, and ongoing business obligations which are under normal course of business, there has been no other known commitments on Entity's condensed interim financial statements as of reporting date.

19 Reclassification

During the year, the management have done certain reclassifications for the better presentation of the condensed interim financial statements.

20 Other information

On May 28,2019, board of directors approved a resolution to delist Entity's shares from the Dubai Financial Market.