

Financial Year Ended on

2019-12-31

نتائج السنة المالية المنتهية في

Company Name

اسم الشركة

AL Mazaya Holding Co.

شركة المزاي القابضة

Board of Directors Meeting Date

تاريخ اجتماع مجلس الإدارة

2020-01-29

Required Documents

المستندات الواجب إرفاقها بالنموذج

Approved financial statements

نسخة من البيانات المالية المعتمدة

Approved auditor's report

نسخة من تقرير مراقب الحسابات المعتمد

| التغيير (%) Change (%) | السنة المقارنة | السنة الحالية | البيان Statement |
|---------------------------|--------------------------------|----------------------------|--|
| | Comparative Year 2018-12-31 | Current Year 2019-12-31 | |
| (272%) | 5,103,588 | (8,768,587) | صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company |
| (271%) | 8.17 | (13.98) | ربحية / (خسارة) السهم الأساسية - فلس Basic Earnings per share - Fils |
| (272%) | 8.10 | (13.93) | ربحية / (خسارة) السهم المخففة - فلس Diluted Earnings per share - Fils |
| (30%) | 60,535,721 | 42,415,702 | الموجودات المتداولة Current Assets |
| 2% | 225,621,899 | 229,338,437 | إجمالي الموجودات Total Assets |
| (36%) | 28,163,661 | 17,916,475 | المطلوبات المتداولة Current Liabilities |
| 12% | 121,498,871 | 136,362,787 | إجمالي المطلوبات Total Liabilities |
| (12%) | 91,288,000 | 79,887,511 | إجمالي حقوق الملكية الخاصة بمساهمي الشركة الأم Total Equity attributable to the owners of the Parent Company |
| 26% | 22,056,098 | 27,863,176 | إجمالي الإيرادات التشغيلية Total Operating Revenue |
| (126%) | 7,717,602 | (2,026,147) | صافي الربح (الخسارة) التشغيلية Net Operating Profit (Loss) |
| - | لا يوجد خسائر متراكمة | لا يوجد خسائر متراكمة | الخسائر المتراكمة / رأس المال المدفوع Accumulated Loss / Paid-Up Share Capital |

| التغيير (%) | الربع الرابع المقارن | الربع الرابع الحالي | البيان |
|--------------------|----------------------|---------------------|--|
| Change (%) | Comparative Year | Current Year | Statement |
| | 2018-12-31 | 2019-12-31 | |
| (1818%) | 283,020 | (4,862,129) | صافي الربح / (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company |
| (1785%) (1816%) | 0.46 0.45 | (7.75) (7.72) | ربحية / (خسارة) السهم الأساسية والمخفضة Basic & Diluted Earnings per Share |
| (340%) | 3,305,906 | 14,557,585 | إجمالي الإيرادات التشغيلية Total Operating Revenue |
| (272%) | 1,216,666 | (2,096,231) | صافي الربح (الخسارة) التشغيلية Net Operating Profit (Loss) |

• Not Applicable for first Quarter

• لا ينطبق على الربع الأول

| Increase/Decrease in Net Profit (Loss) is due to | سبب ارتفاع/انخفاض صافي الربح (الخسارة) |
|--|--|
| The decrease in net profit is mainly due to the decrease in gross profit and the change in fair value of investment properties and the net other revenues and expenses in addition to the impairment losses for properties held for trading for the current year as compared to previous year. | يعود سبب الانخفاض في صافي الربح بشكل رئيسي الى انخفاض مجمل الربح والتغير في القيمة العادلة لعقارات استثمارية و صافي الإيرادات والمصروفات الأخرى إضافة إلى خسائر الانخفاض في قيمة عقارات بغرض المتاجرة في السنة الحالية مقارنة بالعام السابق. |
| Total Revenue realized from dealing with related parties (value, KWD) | بلغ إجمالي الإيرادات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.) |
| KD Nil. | صفر دينار كويتي. |
| Total Expenditures incurred from dealing with related parties (value, KWD) | بلغ إجمالي المصروفات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.) |
| KD Nil. | صفر دينار كويتي. |

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| Corporate Actions | | استحقاقات الأسهم (الإجراءات المؤسسية) | |
|-------------------|---------|---------------------------------------|-------------------------------------|
| النسبة | القيمة | | |
| لا يوجد | | لا يوجد | توزيعات نقدية Cash Dividends |
| لا يوجد | | لا يوجد | توزيعات أسهم منحة Bonus Share |
| لا يوجد | | لا يوجد | توزيعات أخرى Other Dividend |
| لا يوجد | | ✓ | عدم توزيع أرباح No Dividends |
| لا يوجد | لا يوجد | لا يوجد | زيادة رأس المال Capital Increase |
| | | علاوة الإصدار Issue Premium | |
| لا يوجد | | لا يوجد | تخفيض رأس المال Capital Decrease |

| The Company's comments in case the auditor has concerns or a qualified opinion | تعقيب الشركة في حال قيام مراقب الحسابات بإبداء ملاحظات أو تحفظات |
|--|--|
| There were no qualification or concerns mentioned in the auditor's report | لا توجد أي ملاحظات أو تحفظات واردة في تقرير مراقب الحسابات |

| ختم الشركة Company Seal | التوقيع Signature | المسمى الوظيفي Title | الاسم Name |
|----------------------------|----------------------|-------------------------|--------------------|
| | | رئيس مجلس الإدارة | رشيد يعقوب النفيسي |

Attach a copy of the financial statements approved by the Board of Directors and the approved auditor's report

يجب أرفاق نسخة البيانات المالية المعتمدة من مجلس الإدارة وتقرير مراقب الحسابات المعتمد



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INDEPENDENT AUDITOR'S REPORT

The Shareholders
Al-Mazaya Holding Company - K.S.C. (Public)
State of Kuwait

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Al-Mazaya Holding Company - K.S.C. (Public) "the Parent Company" and its subsidiaries (the Group) which comprise the consolidated statement of financial position as at December 31, 2019, and the consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with ethical requirements that are relevant to our audit of the consolidated financial statements in the State of Kuwait, and we have fulfilled our other ethical responsibilities in accordance with the (IESBA Code). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We identified the following key audit matters:

Valuation of investment properties

Investment properties as of December 31, 2019 amounting to KD 171,152,381 form a significant part of the total assets of the Group. The determination of the fair value of such properties is a subjective area and is highly dependent on judgements and estimates. Accordingly, the valuation of investment properties is considered a key audit matter. The Group performs an annual valuation exercise through licensed valuers to determine the fair value of the investment properties. These valuations are dependent on certain key assumptions such as estimated rental revenues, discount rates, occupancy rates, market knowledge, developers risk and historical transactions. In estimating the fair value of investment properties, valuers used the comparable market price, income capitalization and discounted cash flow techniques and had considered the nature and usage of the investment properties. We reviewed the valuation reports from the licensed valuers and checked the adequacy of disclosures in the consolidated financial statements, which is included in Note 9.

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

Properties held for trading

Properties held for trading as of December 31, 2019 amounting to KD 17,079,258 represent a significant part of total assets and are carried at the lower of cost or net realizable value, which requires management's judgement in determining the appropriate costing basis and provision for write down of properties held for trading since they are based on forecast of estimated selling prices less costs to sell and reviewing whether the provision is adequate. Given the size and complexity of determining the net realizable value of properties held for trading, we addressed this as a key audit matter.

We have tested a sample of properties held for trading to ensure that its recorded at cost or net realizable value. Hence, we obtained valuation reports, reviewed the appropriateness of the valuation techniques and reasonableness of data used in determination of selling price and reviewed the assumptions and estimates made by the management. Finally, we reviewed the appropriateness of disclosures relating to properties held for trading, as shown in Note 6 to the consolidated financial statements.

Other Information

Other information consists of the information included in the Group's 2019 Annual Report, other than the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. Our opinion on the consolidated financial statements does not cover the other information attached to it, and we do not and we will not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the parent company's management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit, we also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entity or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Those Charged with Governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.


We also provide Those Charged with Governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with Those Charged with Governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, proper books of account have been kept by the Parent Company and the consolidated financial statements, together with the contents of the report of the Parent Company's Board of Directors relating to these consolidated financial statements, are in accordance therewith. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the consolidated financial statements incorporate all information that is required by the Companies Law No. 1 of 2016, and its Executive Regulations, as amended, and by the Parent Company's Memorandum of Incorporation and Articles of Association, as amended, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, and its Executive Regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association, as amended have occurred during the financial year ended December 31, 2019 that might have had a material effect on the business or financial position of the Parent Company.

State of Kuwait
January 29, 2020

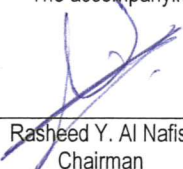


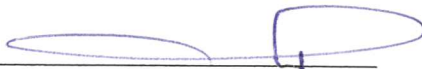
Dr. Shuaib A. Shuaib
Licence No.- 33A
RSM Albazie & Co.

AL-MAZAYA HOLDING COMPANY - K.S.C. (PUBLIC)
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019
(All amounts are in Kuwaiti Dinars)

| <u>ASSETS</u> | Note | 2019 | 2018 |
|---|------|--------------------|--------------------|
| Current assets: | | | |
| Cash and cash equivalents | 3 | 9,902,507 | 7,169,433 |
| Financial assets at fair value through profit or loss ("FVPL") | 4 | 826,000 | 981,739 |
| Accounts receivable and other debit balances | 5 | 14,607,937 | 10,643,140 |
| Properties held for trading | 6 | 17,079,258 | 41,741,409 |
| Total current assets | | 42,415,702 | 60,535,721 |
| Non-current assets: | | | |
| Financial assets at fair value through other comprehensive income ("FVOCI") | 7 | 3,115,718 | 4,679,356 |
| Investment in an associate | 8 | 9,859,742 | 9,852,650 |
| Investment in joint venture | 11 | - | 1,190,947 |
| Investment properties | 9 | 171,152,381 | 146,379,207 |
| Property, plant and equipment | | 540,684 | 729,808 |
| Goodwill | 10 | 2,254,210 | 2,254,210 |
| Total non-current assets | | 186,922,735 | 165,086,178 |
| Total assets | | 229,338,437 | 225,621,899 |
| <u>LIABILITIES AND EQUITY</u> | | | |
| Current liabilities: | | | |
| Accounts payable and other credit balances | 12 | 8,945,123 | 12,377,570 |
| Advances from customers | | 668,820 | 1,217,789 |
| Lease liabilities | 13 | 1,027,062 | - |
| Islamic bank facilities | 14 | 5,314,744 | 13,230,013 |
| Term loans | 15 | 1,960,726 | 1,338,289 |
| Total current liabilities | | 17,916,475 | 28,163,661 |
| Non-current liabilities: | | | |
| Accounts payable and other credit balances | 12 | 6,827,032 | 6,090,823 |
| Lease liabilities | 13 | 12,922,160 | - |
| Islamic bank facilities | 14 | 91,868,247 | 78,365,088 |
| Term loans | 15 | 5,404,019 | 7,562,722 |
| Provision for end of service indemnity | | 1,424,854 | 1,316,577 |
| Total non-current liabilities | | 118,446,312 | 93,335,210 |
| Total liabilities | | 136,362,787 | 121,498,871 |
| Equity: | | | |
| Share capital | 16 | 68,827,896 | 68,827,896 |
| Share premium | | 21,655,393 | 21,655,393 |
| Treasury shares | 17 | (19,288,845) | (20,009,108) |
| Statutory reserve | 18 | 14,469,647 | 14,469,647 |
| Voluntary reserve | 19 | - | 11,010,499 |
| Fair value reserve | | (3,293,389) | (1,700,263) |
| Employees' share option plan | | 237,109 | 412,795 |
| Other reserves | | 731,986 | 731,986 |
| Foreign currency translation reserve | | (8,472,837) | (7,336,181) |
| Retained earnings | | 5,020,551 | 3,225,336 |
| Equity attributable to the shareholders of the Parent Company | | 79,887,511 | 91,288,000 |
| Non-controlling interests | | 13,088,139 | 12,835,028 |
| Total equity | | 92,975,650 | 104,123,028 |
| Total liabilities and equity | | 229,338,437 | 225,621,899 |

The accompanying notes (1) to (31) form an integral part of the consolidated financial statements.


Rasheed Y. Al Nafisi
Chairman


Ibrahim A. Al Soqabi
Chief Executive Officer

**AL-MAZAYA HOLDING COMPANY - K.S.C. (PUBLIC)
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2019**
(All amounts are in Kuwaiti Dinars)

| | Note | 2019 | 2018 |
|---|------|---------------------|---------------------|
| Revenue: | | | |
| Revenue from sale of properties held for trading | 21 | 19,084,068 | 13,576,215 |
| Rental Income | 21 | 8,726,764 | 8,384,650 |
| Net management fees and commission income | | 52,344 | 95,233 |
| Total revenue | | <u>27,863,176</u> | <u>22,056,098</u> |
| Cost of revenue: | | | |
| Cost of sale of properties held for trading | | (20,971,859) | (10,985,182) |
| Cost of rental | | (1,705,005) | (1,631,770) |
| Cost of revenue | | <u>(22,676,864)</u> | <u>(12,616,952)</u> |
| Total cost of revenue | | | |
| Gross profit | | 5,186,312 | 9,439,146 |
| Change in fair value of investment properties | 9 | (769,174) | 2,717,880 |
| Loss on sales of investment properties | | - | (201,426) |
| (Impairment loss) reversal of impairment loss on properties held for trading | 6 | (2,470,542) | 58,794 |
| Share of results from an associate | 8 | 46,490 | 311,207 |
| Share of results from joint venture | | 587,869 | 1,190,147 |
| Selling and marketing expenses | | (409,051) | (708,711) |
| General and administrative expenses | | (4,198,051) | (5,089,435) |
| Operating (loss) profit | | <u>(2,026,147)</u> | <u>7,717,602</u> |
| Net investment income | 22 | 540,539 | 1,089,975 |
| Net other (expenses) income | 23 | (1,284,098) | 2,037,552 |
| Amortization of finance costs related to lease liabilities | 13 | (315,844) | - |
| Finance costs | | <u>(5,567,876)</u> | <u>(4,873,121)</u> |
| (Loss) profit for the year before contribution to Kuwait Foundation for the Advancement of Sciences (KFAS), National Labor Support Tax (NLST) and Zakat | | (8,653,426) | 5,972,008 |
| KFAS | | - | (5,653) |
| NLST | | - | (121,860) |
| Zakat | | - | (11,177) |
| Net (loss) profit for the year | | <u>(8,653,426)</u> | <u>5,833,318</u> |
| Attributable to: | | | |
| Shareholders of the Parent Company | | (8,768,587) | 5,103,588 |
| Non-controlling interests | | 115,161 | 729,730 |
| Net (loss) profit for the year | | <u>(8,653,426)</u> | <u>5,833,318</u> |
| (Loss) earnings per share attributable to shareholders of the Parent Company: | | | |
| Basic (loss) earnings per share attributable to shareholders of the Parent Company – (Fils) | 24 | <u>(13.98)</u> | <u>8.17</u> |
| Diluted (loss) earnings per share attributable to shareholders of the Parent Company – (Fils) | 24 | <u>(13.93)</u> | <u>8.10</u> |

The accompanying notes (1) to (31) form an integral part of the consolidated financial statements.