

التاريخ: 2018/02/01
المرجع: MAZ-CS-02-2018-0028

المحترمين

السادة/ بورصة الكويت للاوراق المالية
تحية طيبة و بعد ،،،

الموضوع: البيانات المالية المجمعة للسنة المالية المنتهية
في 2017/12/31 لشركة المزايا القابضة ش.م.ك (عامة)
Subject: Annual Consolidated Financial Statements for the
Year Ended at 31/12/2017 For Al Mazaya Holding Co.

بالإشارة إلى الموضوع أعلاه، نحيطكم علماً أن مجلس إدارة شركة المزايا القابضة ش.م.ك.ع انعقد يوم الخميس الموافق 2018/02/01 الساعة الواحدة ظهراً، واعتمد البيانات المالية للشركة للسنة المالية المنتهية في 2017/12/31 وقد أوصى للجمعية العمومية بالآتي:

- توزيع أرباح نقدية بنسبة 8 % من القيمة الاسمية للسهم الواحد بواقع 8 فلس لكل سهم.

تستحق توزيعات الأرباح النقدية للمساهمين المقيدون في سجلات الشركة في نهاية يوم الإستحقاق المحدد له تاريخ 2018/04/12 والتي يتم توزيعها على المساهمين بتاريخ 2018/04/24. تجدون مرفق طيه الآتي:

- إفصاحات البيانات المالية المجمعة حسب نموذج بورصة الكويت.
- بيان المركز المالي المجمع.
- بيان الدخل المجمع.
- تقرير مراقبي الحسابات حول البيانات المالية المجمعة للسنة المالية المنتهية في 2017/12/31.

مطعم
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In reference to the above subject, we are pleased to inform you that the Board of Directors of Al Mazaya Holding Company KSC was held on Thursday 1/2/2018 at 1:00 pm and approved the financial statements for the year ended 31/12/2017 and recommended the following to the AGM:

- Distribution of cash dividend of 8% of the nominal value per share at the rate of 8 fils per share.

Dividends entitlement date will be on April 12, 2018 and dividends distribution date will be on 24th April, 2018.

Kindly find attached the following:

- Annual Consolidated Financial Statements disclosures according to Boursa Kuwait templates.
- Consolidated statement of financial position.
- Consolidated statement of income.
- Independent Auditors' Report on the Annual Consolidated Financial Statements for the year ended at 31/12/2017.

شاكرين لكم حسن تعاونكم،،،
وتفضلوا بقبول فائق الأحرارم ،،،



رشيد يعقوب النفيسي
رئيس مجلس الإدارة



تاجر

Annual Financial Statements for the Year Ended 31/12/2017 Form in KD			2017/12/31 في 31/12/2017 نموذج نتائج البيانات المالية السنوية المنتهية في (د.ك.)
شركة المزايا القابضة			اسم الشركة
AL Mazaya Holding Co.			Company's Name
01/02/2018			تاريخ اجتماع مجلس الإدارة
			The Date of Board of Directors Meeting
نسبة التغير Change Percentage	السنة المقارنة Comparative Year 2016/12/31	السنة الحالية Current Year 2017/12/31	البيان Statement
-29.56%	10,253,235	7,221,973	صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company
-29.74%	16.51	11.60	ربحية / (خسارة) السهم الأساسية - فلس Basic Earnings per share- Fils
-29.84%	16.39	11.50	ربحية / (خسارة) السهم المخففة - فلس Diluted Earnings per share- Fils
-35.08%	96,660,128	62,747,788	الموجودات المتداولة Current Assets
-9.8%	254,783,945	229,810,739	إجمالي الموجودات Total Assets
-39.26%	62,235,368	37,802,274	المطلوبات المتداولة Current Liabilities
-19.26%	137,103,265	110,702,858	إجمالي المطلوبات Total Liabilities
0.56%	108,209,091	108,820,281	إجمالي حقوق الملكية الخاصة بمساهمي الشركة الأم Total Equity attributable to the owners of the Parent Company
24.36%	55,172,225	68,610,246	إجمالي الإيرادات التشغيلية Total Operating Revenue
-27.47%	13,986,751	10,144,066	صافي الربح / (الخسارة) التشغيلي Net Operating Profit (Loss)
-29.60%	% 14.90	10.49%	صافي الربح (الخسارة) / رأس المال المدفوع Net Profit (Loss)/ Paid-up Share Capital

• يعود سبب الانخفاض في صافي الربح بشكل رئيسي إلى:
 ❖ الانخفاض في الأرباح التشغيلية الناجمة عن عمليات بيع الوحدات ذات العوائد الأقل بالكامل وتسليمها خلال السنة.

- The decrease in the net profit is mainly due to the followings:
 - ❖ Decrease in the operating income resulted from sale and handover of units carrying lower margins in full during the year.

• بلغ إجمالي الإيرادات من التعاملات مع الأطراف ذات الصلة مبلغ 145,194 دينار كويتي.

- Total revenues realized from dealing with related parties amounting to KD 145,194.


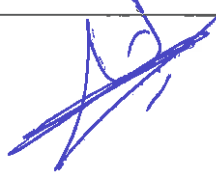
• بلغ إجمالي المصروفات من التعاملات مع الأطراف ذات الصلة مبلغ 124,108 دينار كويتي.

- Total expenditures incurred from dealing with related parties amounting to KD 124,108.

النسبة	البيان	Dividend	توزيعات الارباح
% 8	8 فلس كويتي	cash dividend	توزيعات نقدية
لا يوجد	لا يوجد	stock dividend	أسهم منحة
لا يوجد	لا يوجد	Other dividend	توزيعات اخرى
لا يوجد	لا يوجد	No dividend	عدم توزيع أرباح

		لا يوجد	Capital Increase	زيادة رأس المال
لا يوجد	مبلغ العلاوة:			
		لا يوجد	Capital Decrease	تخفيض رأس المال

2018/04/12	Record Date	تاريخ الاستحقاق
2018/04/24	Payment Date	تاريخ التوزيع

ختم الشركة	التوقيع	المسمى الوظيفي	الاسم
		رئيس مجلس الإدارة	رشيد يعقوب النفيسي

Al Mazaya Holding Company K.S.C.P. and its Subsidiaries
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2017

	2017 KD	(Restated) 2016 KD
ASSETS		
Non-current assets		
Goodwill	2,254,210	2,266,732
Property and equipment	508,918	595,221
Investment properties	131,665,239	129,286,975
Investment in an associate	9,670,587	9,352,843
Financial assets available-for-sale	8,308,067	9,126,960
Advances for purchase of properties	14,655,930	7,495,086
	<u>167,062,951</u>	<u>158,123,817</u>
Current assets		
Properties held for trading	34,271,531	69,036,258
Accounts receivable and other debit balances	17,544,507	17,438,418
Cash and bank balances	10,931,750	10,185,452
	<u>62,747,788</u>	<u>96,660,128</u>
Total assets	<u>229,810,739</u>	<u>254,783,945</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	68,827,896	68,827,896
Share premium	21,655,393	21,655,393
Statutory reserve	13,945,417	13,195,539
Voluntary reserve	11,010,497	10,260,619
Fair value reserve	317,232	549,283
Treasury shares	(20,707,103)	(21,310,897)
Employee stock option plan	476,987	360,360
Other reserves	731,986	845,160
Foreign currency translation reserve	(1,259,633)	364,977
Retained earnings	13,821,609	13,460,761
Equity attributable to equity holders of the Parent Company	<u>108,820,281</u>	<u>108,209,091</u>
Non-controlling interests	10,287,600	9,471,589
Total equity	<u>119,107,881</u>	<u>117,680,680</u>
Liabilities		
Non-current liabilities		
Employees' end of service benefits	1,009,567	873,797
Tawarruq and ijara payable	63,117,177	66,522,971
Term loans	8,773,840	7,471,129
	<u>72,900,584</u>	<u>74,867,897</u>
Current liabilities		
Tawarruq and ijara payable	17,936,382	10,319,641
Term loans	2,292,375	2,322,458
Advances from customers	3,104,626	27,789,257
Accounts payable and other credit balances	14,468,891	21,804,012
	<u>37,802,274</u>	<u>62,235,368</u>
Total liabilities	<u>110,702,858</u>	<u>137,103,265</u>
TOTAL EQUITY AND LIABILITIES	<u>229,810,739</u>	<u>254,783,945</u>

Rasheed Y. Al Nafisi
Chairman

Ibrahim A. Al Soqabi
Chief Executive Officer

The attached notes 1 to 33 form part of these consolidated financial statements.

Al Mazaya Holding Company K.S.C.P. and its Subsidiaries

CONSOLIDATED STATEMENT OF INCOME

For the year ended 31 December 2017

	2017 KD	2016 KD
Revenue from sale of properties held for trading	60,831,419	47,814,320
Rental income	7,596,171	7,112,362
Net management fees and commission income	182,656	245,543
REVENUE	68,610,246	55,172,225
Cost of sale of properties held for trading	(56,733,970)	(39,741,345)
Cost of rental	(1,732,210)	(1,444,129)
COST OF REVENUE	(58,466,180)	(41,185,474)
GROSS PROFIT	10,144,066	13,986,751
Net change in fair value of investment properties	5,242,918	(965,641)
Loss on disposal of investment properties	-	(303,633)
Net gain from business combination	-	2,425,221
Share of results from joint venture and associate	339,582	1,055,072
Net gain on sale of a subsidiary	-	1,184,979
Write back of (provision for) impairment loss on properties held for trading	2,379,486	(296,282)
General and administrative expenses	(4,818,944)	(4,634,002)
Net investment income	248,480	741,826
Other (expense) income	(698,975)	2,653,543
Finance costs	(4,275,691)	(4,062,517)
Profit for the year before contribution for Board of Directors' remuneration, Kuwait Foundation for Advancement of Sciences ("KFAS"), National Labour Support Tax ("NLST") and Zakat	8,560,922	11,785,317
Board of Directors' remuneration	(185,000)	(185,000)
KFAS	(30,038)	(70,713)
Zakat	(683)	(48,192)
NLST	(61,104)	(159,507)
PROFIT FOR THE YEAR	8,284,097	11,321,905
Attributable to:		
Equity holders of the Parent Company	7,221,973	10,253,235
Non-controlling interests	1,062,124	1,068,670
	8,284,097	11,321,905
BASIC EARNING PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	11.60 fils	16.51 fils
DILUTED EARNING PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY	11.50 fils	16.39 fils

The attached notes 1 to 33 form part of these consolidated financial statements.

**AL MAZAYA HOLDING COMPANY
K.S.C.P. AND ITS SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2017

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF AL MAZAYA HOLDING COMPANY K.S.C.P.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of the Al Mazaya Holding Company K.S.C.P. (the "Parent Company") and its subsidiaries (collectively the "Group"), which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including the 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 31 December 2017, 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) 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.

For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
AL MAZAYA HOLDING COMPANY K.S.C.P. (continued)**

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

a) Valuation of investment properties

Investment properties of the Group represent a significant portion of the total assets as at 31 December 2017 and are carried at fair value. The management determined the fair value of its investment properties and used external appraisers to support the valuation at year end. The valuation of the investment properties at fair value is highly dependent on estimates and assumptions such as rental value, occupancy rates, discount rates, and historical transactions. Given the size of investment properties and significance of assumptions and related estimation uncertainty used in the valuation, we considered this as a key audit matter. The accounting policies and the estimation uncertainty relating to valuation of investment properties are given in Note to the consolidated financial statements.

As part of our audit procedures, we have reviewed the assumptions and estimates made by the management and the external appraisers, appropriateness of the valuation technique and reasonableness of data used in the valuation. We further evaluated the management's sensitivity analysis to ascertain the impact of reasonably possible changes to key assumptions on the fair value of properties such as rental income, occupancy rates, discount rates, and historical transactions. We have considered the objectivity, independence and expertise of the external appraisers. We further assessed that the significant assumptions and related uncertainties are appropriately reflected in the sensitivity disclosure in Note to the consolidated financial statements.

b) Properties held for trading

Properties held for trading represent a significant part of total assets and is carried at the lower of cost or net realisable 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 price less costs to sell and reviewing whether the provision is adequate. Given the size and complexity of determining the net releasable value of properties held for trading, we addressed this as a key audit matter.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
AL MAZAYA HOLDING COMPANY K.S.C.P. (continued)**

Report on the Audit of the Consolidated Financial Statements (continued)

Key Audit Matters (continued)

b) Properties held for trading (continued)

We have tested a sample of properties held for trading to assess the cost basis and tested the estimates made by management by assessing whether the estimates regarding sales forecasts and sales prices are based on the existing contracts and whether these are in line with historical revenues to date. Further, we reviewed the determination of the net realisable value by verifying recent sales transactions and the related costs necessary to make the sale. Further, we compared the properties held for trading provision to the Group's policy and evaluated management's judgement on the adequacy of this by performing a review of the overall level of provisions on an aggregate as well as understanding the levels of demand for properties. Finally, we reviewed the appropriateness of disclosures relating to properties held for trading, as shown in Note to the consolidated financial statements.

Other Information Included in the Group's 2017 Annual Report

Management is responsible for the other information. Other information consists of information included in the Group's 2017 Annual Report, other than the consolidated financial statements and our auditor's report thereon. We obtained the report of the Parent Company's Board of Directors, prior to the date of our auditor's report, and we expect to obtain the remaining sections of the Group's Annual Report after the date of our auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
AL MAZAYA HOLDING COMPANY K.S.C.P. (continued)**

Report on the Audit of the Consolidated Financial Statements (continued)

Other Information Included in the Group's 2017 Annual Report (continued)

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, on the other information we obtained prior to the date of the auditor's report, we conclude that there is a material misstatement of 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 the 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, 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 auditors' 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:

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
AL MAZAYA HOLDING COMPANY K.S.C.P. (continued)**

Report on the Audit of Consolidated Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- 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 auditors' 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 our auditors' 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 entities 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.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
AL MAZAYA HOLDING COMPANY K.S.C.P. (continued)**

Report on the Audit of Consolidated Financial Statements (continued)

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)

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 our auditors' 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

Furthermore, 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 as amended, and its executive regulations as amended or by the Parent Company's Memorandum of Incorporation and Articles of Association, 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, as amended, and its executive regulations, as amended, or of the Parent Company's Memorandum of Incorporation and Articles of Association have occurred during the year ended 31 December 2017 that might have had a material effect on the business of the Parent Company or on its financial position.

BADER A. AL-ABDULJADER
LICENCE NO. 207 A
EY
AL AIBAN, AL OSAIMI & PARTNERS

_____ 2018
Kuwait