

التاريخ: 2021/01/31
مرجع: MAZ-FI-01-2021-0017

المحترمين


السادة / شركة بورصة الكويت
تحية طيبة وبعد،،،

الموضوع: الإفصاح عن نتائج اجتماع مجلس إدارة شركة المازيا القابضة ش.م.ك (عامة)
Subject: Disclosure of the Results BOD Meeting of Al Mazaya Holding Co.

بالإشارة إلى الموضوع أعلاه، وإلى إفصاحنا بتاريخ 2021/01/25 مرفق طيه نموذج الإفصاح عن المعلومة الجوهرية موضح به نتائج اجتماع مجلس إدارة شركة المازيا القابضة ش.م.ك (عامة) المنعقد بتاريخ 2021/01/31.

Reference to the above subject, and our disclosure on the date of 25/01/2021, kindly find attached the material information disclosure form clarifying the results of the meeting of the BOD of Al Mazaya Holding Co. held on Sunday 31/01/2021.

وتفضلوا بقبول وافر الاحترام والتقدير،،،


رشيد يعقوب النفيسي
رئيس مجلس الإدارة


MAZAYA
شركة المازيا القابضة ش.م.ك. (مفصلة)
AL MAZAYA HOLDING CO. K.S.C.P. (HOLDING)

المرفقات:
- نموذج الإفصاح عن المعلومات الجوهرية

نم
فد



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نموذج الإفصاح عن المعلومات الجوهرية

التاريخ :	2021/01/31
اسم الشركة المدرجة	شركة المزاي القابضة ش.م.ك (عامة)
المعلومة الجوهرية	<p>- اجتمع مجلس إدارة شركة المزاي القابضة ش.م.ك (عامة) يوم الأحد الموافق 2021/01/31 الساعة الواحدة ظهراً وتمت مناقشة واعتماد البيانات المالية السنوية للشركة للسنة المالية المنتهية في 2020/12/31.</p> <p>- كما أوصى المجلس بإطفاء كامل الخسائر المتراكمة بمبلغ 3,733,833 د.ك. (ثلاثة ملايين وسبع مائة وثلاثة وثلاثون ألفاً وثمانمائة وثلاثة وثلاثون ديناراً كويتياً) بنسبة قدرها 5.42% من رأس مال الشركة كما في البيانات المالية للشركة للسنة المالية المنتهية في 31 ديسمبر 2020، وذلك عن طريق تخفيض جزء من الاحتياطي الإجمالي بعد عرض الأمر على الجمعية العمومية العادية للشركة لمناقشته واتخاذ القرار بشأنه.</p> <p>- كما أوصى المجلس بإلغاء كامل رصيد أسهم الخزينة المباشرة "الأسهم الحالية والأسهم التي سيتم تحويل ملكيتها من شركة تابعة" وذلك بعد موافقة هيئة أسواق المال وكافة الجهات الرقابية ذات الصلة والبالغ عددها 58,719,140 سهم وتكلفتها 18,625,088 د.ك عن طريق:</p> <ol style="list-style-type: none"> 1. تخفيض رأس المال بالقيمة الاسمية لأسهم الخزينة والبالغ قيمتها 5,871,914 د.ك (خمسة ملايين وثمانمائة وواحد وسبعون ألفاً وتسعمائة وأربعة عشر ديناراً كويتياً) 2. تخفيض كامل الرصيد المتبقي من الاحتياطي الإجمالي بمبلغ 10,611,160 د.ك (عشرة ملايين وست مائة وأحد عشر ألفاً ومائة وستون ديناراً كويتياً) والذي يمثل كامل الرصيد المتبقي من الاحتياطي الإجمالي بعد إطفاء الخسائر المتراكمة الواردة أعلاه وكذلك بعد تخفيض مبلغ 124,654 د.ك (مائة وأربعة وعشرون ألفاً وست مائة وأربعة وخمسون ديناراً كويتياً) والذي يمثل الأثر الناتج عن ممارسة خيار أسهم الموظفين بعد تاريخ البيانات المالية المنتهية في 31 ديسمبر 2020. 3. تخفيض علاوة الإصدار بمبلغ 2,142,014 د.ك (مليونان ومائة واثنان وأربعون ألفاً وأربعة عشر ديناراً كويتياً) لتصبح 19,513,379 د.ك (تسعة عشر مليوناً وخمسمائة وثلاثة عشر ألفاً وثلاثمائة وتسعة وسبعون ديناراً كويتياً). <p>- بناء على ما سبق أوصى المجلس بتخفيض رأس مال الشركة الأم من 68,827,895/600 د.ك (ثمانية وستون مليوناً وثمانمائة وسبعة وعشرون ألفاً وثمانمائة وخمسة وتسعون ديناراً كويتياً و600 فلس) إلى 62,955,981/600 د.ك (اثنان وستون مليوناً وتسعمائة وخمسة وخمسون ألفاً وتسعمائة وواحد وثمانون ديناراً كويتياً و600 فلس)، وذلك بعد الحصول على موافقة هيئة أسواق المال وكافة الجهات الرقابية ذات الصلة ومن ثم الدعوة إلى عقد جمعية عمومية غير عادية لمناقشة توصيات مجلس الإدارة</p>
أثر المعلومة الجوهرية على المركز المالي للشركة	<p>وارد بالمرفقات:</p> <ul style="list-style-type: none"> - البيانات المالية المجمعة وفقاً لنموذج بورصة الكويت. - بيان المركز المالي المجمع. - بيان الدخل المجمع. - نموذج الإفصاح المعدل عن تأثير الأحداث الناتجة عن انتشار فايروس كورونا المستجد (كوفيد - 19) على البيانات المالية للسنة المنتهية في 31 ديسمبر 2020. - تقرير مراقب الحسابات حول البيانات المالية السنوية للشركة للسنة المالية المنتهية في 2020/12/31. <p>في حال موافقة الجهات الرقابية ذات الصلة و اعتماد الجمعية العمومية لمساهمي الشركة توصيات مجلس الإدارة الواردة أعلاه، فإن إطفاء الخسائر المتراكمة وإلغاء أسهم الخزينة وتخفيض رأس المال ليس له أثر على حقوق الملكية والمركز المالي للشركة ولا يترتب عليه أي تغيير في قيمة حقوق المساهمين أو عدد أسهمهم.</p>

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2021

Form for Disclosing Material Information

Date:	31/01/2021
Name of listed company	Al Mazaya Holding Co.
Material information	<ul style="list-style-type: none"> - The Board of director of Al Mazaya Holding Co. has convened on 31/01/2021 at 1:00 PM where they discussed and approved the company's Annual Financial Statements for the year ended 31/12/2020. - The Board of Directors proposed to set-off the accumulated losses amounting to KD 3,733,833 which represents 5.42% of the Company's share capital as included in the financial statements for the year ended December 31, 2020 by partial reduction of the statutory reserve. This proposal shall be presented to the Company's General Assembly for discussion and final decision. - The Board of Directors proposed to cancel the whole balance of treasury shares owned directly by the Company amounting to 58,719,140 shares with a cost of KD 18,625,088 (including currently owned shares by the Company and shares to be transferred to the Company from a subsidiary) after obtaining the required approvals from Capital Markets Authority and other related regulatory authorities by: <ol style="list-style-type: none"> 1. Reducing paid-up capital with par value of those treasury shares with an amount of KD 5,871,914. 2. Reducing the full remaining balance of statutory reserve amounting to KD 10,611,160 which represents the full remaining balance of statutory reserve after the set-off of accumulated losses referred to above in addition to the reduction amounting to KD 124,654 which represents the impact of exercising employees stock options after the reporting date of the financial statements for the year ended 31/12/2020. 3. Reducing share premium with an amount of KD 2,142,014 to become KD 19,513,379. - Based on the above, the Board of Directors proposed the reduction of the Parent company's paid-up capital from KD 68,827,895.600 (Sixty eight million, eight hundred twenty seven thousands, eight hundred ninety five Kuwait Dinars and six hundred fils) to KD 62,955,981.600 (Sixty two million, nine hundred fifty five thousands, nine hundred eighty one Kuwait Dinars and six hundred fils) after obtaining the required approvals from Capital Markets Authority and other related regulatory authorities, after which an Extraordinary General Assembly Meeting shall be held to discuss the above proposals of the Board of Directors.

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2021



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Effect of the material
information on the
company financial
position

Attached

- Consolidated Financial Statements according to Boursa Kuwait templates.
- Consolidated Statement of Financial Position.
- Consolidated Statement of Income.
- Amended disclosure form of the impact of events caused by the spread of Corona Virus (Covid-19) on the financial statement for the year ended 31/12/2020.
- Independent Auditor's Report on the Annual Financial Statements for the year ended 31/12/2020.

If the above proposals by the Board of Directors are approved by the related regulatory authorities and the Shareholders' General Assembly, the set-off of accumulated losses, treasury shares cancellation, and share capital reduction shall not have an impact on the Company's equity and financial position, and will not result in a change shareholders' equity or their number of shares.

Handwritten signature and date 2/3/2021

Financial Results Form
Kuwaiti Company (KWD)

نموذج نتائج البيانات المالية
الشركات الكويتية (د.ك.)

Financial Year Ended on	2020-12-31	نتائج السنة المالية المنتهية في
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Company Name	اسم الشركة
AL Mazaya Holding Co.	شركة المزاي القابضة
Board of Directors Meeting Date	تاريخ اجتماع مجلس الإدارة
2021-01-31	
Required Documents	المستندات الواجب إرفاقها بالنموذج
<input checked="" type="checkbox"/> Approved financial statements	<input checked="" type="checkbox"/> نسخة من البيانات المالية المعتمدة
<input checked="" type="checkbox"/> Approved auditor's report	<input checked="" type="checkbox"/> نسخة من تقرير مراقب الحسابات المعتمد

التغيير (%)	السنة المقارنة	السنة الحالية	البيان
Change (%)	Comparative Year	Current Year	Statement
	2019-12-31	2020-12-31	
(3%)	(8,768,587)	(8,476,775)	صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company
(3%)	(13.98)	(13.50)	ربحية / (خسارة) السهم الأساسية – فلس Basic Earnings per share– Fils
(3%)	(13.93)	(13.48)	ربحية / (خسارة) السهم المخففة – فلس Diluted Earnings per share– Fils
(41%)	42,415,702	25,209,332	الموجودات المتداولة Current Assets
(9%)	229,338,437	207,783,552	إجمالي الموجودات Total Assets
66%	15,065,331	24,951,567	المطلوبات المتداولة Current Liabilities
(6%)	136,362,787	127,877,217	إجمالي المطلوبات Total Liabilities
(16%)	79,887,511	67,066,009	إجمالي حقوق الملكية الخاصة بمساهمي الشركة الأم Total Equity attributable to the owners of the Parent Company
(30%)	27,863,176	19,546,744	إجمالي الإيرادات التشغيلية Total Operating Revenue
(30%)	(2,026,147)	(1,425,367)	صافي الربح (الخسارة) التشغيلية Net Operating Profit (Loss)
-	لا يوجد خسائر متراكمة	(5%)	الخسائر المتراكمة / رأس المال المدفوع Accumulated Loss / Paid-Up Share Capital

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عبد

البيان Statement	الربع الرابع الحالي Fourth quarter Current Year 2020-12-31	الربع الرابع المقارن Fourth quarter Comparative Year 2019-12-31	التغيير (%) Change (%)
صافي الربح (الخسارة) الخاص بمساهمي الشركة الأم Net Profit (Loss) represents the amount attributable to the owners of the parent Company	(3,210,037)	(4,862,129)	(34%)
ربحية (خسارة) السهم الأساسية والمخفضة Basic & Diluted Earnings per Share	(5.11) (5.10)	(7.75) (7.72)	(34%) (34%)
إجمالي الإيرادات التشغيلية Total Operating Revenue	3,041,212	14,557,585	(79%)
صافي الربح (الخسارة) التشغيلية Net Operating Profit (Loss)	(1,867,671)	(2,096,231)	(11%)

• Not Applicable for first Quarter

• لا ينطبق على الربع الأول

سبب ارتفاع/انخفاض صافي الربح (الخسارة)	Increase/Decrease in Net Profit (Loss) is due to
يعد سبب الإنخفاض في صافي الربح بشكل رئيسي إلى تداعيات الظروف الراهنة الناتجة عن تفشي وباء COVID-19 والذي أثر سلباً على المجموعة وأعمالها مما نتج عنه إنخفاض في قيمة العقارات الإستثمارية والعقارات بغرض المتاجرة، والموجودات المالية والأرصدة المدينة وحصة الشركة من نتائج أعمال الشركة الزميلة بالإضافة إلى الخصومات والإعفاءات الإيجارية لمستأجري عقارات المجموعة.	The decrease in net profit is mainly due to the impact of COVID-19 outbreak which had negatively impacted the group and its operations and resulted in a drop in the values of investment properties, properties held for trading, financial assets, receivable and the share of associate's results in addition to rental waivers and discounts granted to tenants of the group properties.
بلغ إجمالي الإيرادات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)	Total Revenue realized from dealing with related parties (value, KWD)
125,157 د.ك	KD 125,157
بلغ إجمالي المصروفات من التعاملات مع الأطراف ذات الصلة (المبلغ د.ك.)	Total Expenditures incurred from dealing with related parties (value, KWD)
200,751 د.ك	KD 200,751

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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	زيادة رأس المال	Capital Increase
لا يوجد	لا يوجد	تخفيض رأس المال	Capital Decrease
8.5 %	توصية بتخفيض رأس المال بمبلغ 5,871,914 دينار كويتي عن طريق شطب أسهم الخزينة المباشرة وبعد موافقة الجهات الرقابية المختصة	علاوة الإصدار	Issue Premium

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 qualifications 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
 شركة المازية AL MAZAYA HOLDING CO. P.S.C. (محصلة)		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

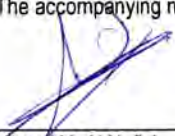
يجب ارفاق نسخة البيانات المالية المعتمدة من مجلس الإدارة وتقرير مراقب الحسابات المعتمد


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AL-MAZAYA HOLDING COMPANY - K.S.C. (PUBLIC)
AND ITS SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2020
(All amounts are in Kuwaiti Dinars)

	<u>ASSETS</u>	Note	2020	2019
Current assets:				
Cash and cash equivalents		3	7,078,529	9,902,507
Financial assets at fair value through profit or loss ("FVTPL")		4	372,616	826,000
Accounts receivable and other debit balances		5	10,847,874	14,607,937
Properties held for trading		6	6,910,313	17,079,258
Total current assets			25,209,332	42,415,702
Non-current assets:				
Financial assets at fair value through other comprehensive income ("FVTOCI")		7	11,139,946	3,115,718
Investment in an associate		8	-	9,859,742
Investment properties		9	168,806,596	171,152,381
Property, plant and equipment			373,468	540,684
Goodwill		10	2,254,210	2,254,210
Total non-current assets			182,574,220	186,922,735
Total assets			207,783,552	229,338,437
	<u>LIABILITIES AND EQUITY</u>			
Current liabilities:				
Accounts payable and other credit balances		11	6,585,631	6,093,979
Advances from customers			477,684	668,820
Lease liabilities		12	1,314,272	1,027,062
Islamic bank facilities		13	16,573,980	5,314,744
Term loans		14	-	1,960,726
Total current liabilities			24,951,567	15,065,331
Non-current liabilities:				
Accounts payable and other credit balances		11	8,107,425	9,678,176
Lease liabilities		12	11,755,388	12,922,160
Islamic bank facilities		13	81,444,252	91,868,247
Term loans		14	-	5,404,019
Provision for end of service indemnity			1,618,585	1,424,854
Total non-current liabilities			102,925,650	121,297,456
Total liabilities			127,877,217	136,362,787
Equity:				
Share capital		15	68,827,896	68,827,896
Share premium			21,655,393	21,655,393
Treasury shares		16	(18,819,349)	(19,288,845)
Statutory reserve		17	14,469,647	14,469,647
Fair value reserve			(4,874,003)	(3,293,389)
Employees' share option plan			67,830	237,109
Other reserves			731,986	731,986
Foreign currency translation reserve			(11,259,558)	(8,472,837)
(Accumulated loss) Retained earnings			(3,733,833)	5,020,551
Equity attributable to the shareholders of the Parent Company			67,066,009	79,887,511
Non-controlling interests			12,840,326	13,088,139
Total equity			79,906,335	92,975,650
Total liabilities and equity			207,783,552	229,338,437

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, 2020
(All amounts are in Kuwaiti Dinars)

	Note	2020	2019
<u>Revenue:</u>			
Revenue from sale of properties held for trading	20	9,906,539	19,084,068
Rental Income	20	9,368,573	8,726,764
Net management fees and commission income		271,632	52,344
Total revenue		<u>19,546,744</u>	<u>27,863,176</u>
<u>Cost of revenue:</u>			
Cost of sale of properties held for trading		(9,749,990)	(20,971,859)
Cost of rental		(2,139,441)	(1,705,005)
Total cost		<u>(11,889,431)</u>	<u>(22,676,864)</u>
Gross profit		7,657,313	5,186,312
Impairment loss on properties held for trading	6	(838,351)	(2,470,542)
Share of results from an associate	8	(474,452)	46,490
Share of results from joint venture		-	587,869
Change in fair value of investment properties	9	(4,076,282)	(769,174)
Selling and marketing expenses		(117,109)	(409,051)
General and administrative expenses		(3,576,486)	(4,198,051)
Operating loss		<u>(1,425,367)</u>	<u>(2,026,147)</u>
Net investment income	21	98,333	540,539
Effect of reclassification of an associate to financial assets at FVTOCI	8	172,194	-
Net other expenses	22	(1,686,696)	(1,284,098)
Amortization of finance costs related to lease liabilities	12	(657,938)	(315,844)
Finance costs		<u>(4,947,473)</u>	<u>(5,567,876)</u>
Loss for the year		<u>(8,446,947)</u>	<u>(8,653,426)</u>
Attributable to:			
Shareholders of the Parent Company		(8,476,775)	(8,768,587)
Non-controlling interests		<u>29,828</u>	<u>115,161</u>
		<u>(8,446,947)</u>	<u>(8,653,426)</u>
Loss per share attributable to shareholders of the Parent Company:			
Basic loss per share attributable to shareholders of the Parent Company – (Fils)	23	<u>(13.50)</u>	<u>(13.98)</u>
Diluted loss per share attributable to shareholders of the Parent Company – (Fils)	23	<u>(13.48)</u>	<u>(13.93)</u>

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

**نموذج الافصاح عن تأثير الأحداث الناتجة عن انتشار فيروس
كورونا المستجد على البيانات المالية لشركة المزاي القابضة بتاريخ 31 ديسمبر 2020**

**Disclosure for the impact of events arising from novel Corona virus outbreak on the financial
statements of Al Mazaya Holding Company as of December 31, 2020**

م.أ	أولاً: تأثير فيروس كورونا المستجد على المركز المالي للشركة First: The impact of novel Corona virus on the company's financial position
1	التأثير على الأصول العقارية أيا كان تصنيفها Impact on real estate properties regardless of related classification إنخفاض بقيمة 4,914,633 دينار كويتي Reduction of KD 4,914,633
2	التأثير على الاستثمارات بالقيمة العادلة من خلال الأرباح أو الخسائر Impact on investments at fair value through profit or loss إنخفاض بقيمة 116,703 دينار كويتي Reduction of KD 116,703
3	التأثير على الاستثمارات بالقيمة العادلة من خلال الدخل الشامل الآخر Impact on investments at fair value through other comprehensive income إنخفاض بقيمة 1,711,305 دينار كويتي Reduction of KD 1,711,305
4	التأثير على الاستثمارات المدرجة بالتكلفة المطفأة Impact on investments at amortized cost لا يوجد N/A
5	التأثير على الشركات الزميلة والمشاريع المشتركة Impact on investments in associates and joint ventures خسارة من نتائج أعمال الشركة الزميلة بقيمة 474,452 دينار كويتي Loss from share of results from an associate of KD 474,452
6	التأثير على الأرصدة المدينة Impact on receivables إنخفاض بقيمة 777,384 دينار كويتي Reduction of KD 777,384
7	التأثير على القروض والأرصدة الدائنة Impact on loans and payables لا يوجد N/A
8	التأثير على المخزون Impact on inventory لا يوجد N/A
9	التأثير على الشهرة والأصول غير الملموسة Impact on goodwill and intangible assets لا يوجد N/A
10	أي تأثير جوهري آخر على البيانات المالية Other significant impact on the financial statements لا يوجد N/A

إدارة الرقابة المكتبية
قطاع الاشراف

<p>ثانيا: تأثير فيروس كورونا المستجد على الأنشطة الرئيسية للشركة (الإيرادات والمصروفات) بما فيها تأثير الحوافز الحكومية</p> <p>Second: The impact of novel Corona virus on the company's main activities (Revenues & Expenses) including the governmental incentive packages</p>	م.
<p>منح خصومات وإعفاءات إيجارية لمستأجري عقارات المجموعة بمبلغ 723,102 دينار كويتي خلال السنة</p> <p>Granting rental discounts and waivers to the Group's tenants during the year amounting to KD 723,102</p>	<p>1 التأثير على الإيرادات</p> <p>Impact on revenues</p>
<p>لا يوجد</p> <p>N/A</p>	<p>2 التأثير على المصروفات</p> <p>Impact on expenses</p>

<p>ثالثا: تأثير فيروس كورونا المستجد على إستمرارية الشركة</p> <p>Third: The effect of novel Corona virus on the Company's going concern</p>
<p>لا يوجد</p> <p>N/A</p>

<p>رابعا: الخطوات التي اتبعتها الشركة للحد من الآثار الاقتصادية المترتبة على تفشي فيروس كورونا المستجد</p> <p>Fourth: Steps taken by the company to curtail the economic impact of the novel Corona virus spread</p>
<ol style="list-style-type: none"> 1. دعم مستأجري عقارات الشركة بمنح خصومات وإعفاءات إيجارية 2. تقليص المصروفات التشغيلية 3. إدارة التدفقات النقدية للمجموعة 4. إدارة المديونيات والالتزامات المالية تجاه الغير 5. تحسين الاتفاقيات مع الموردين <ol style="list-style-type: none"> 1. Supporting the company's tenants by providing rental discounts and waivers 2. Reducing operating expenses 3. Group cash flow management 4. Managing company's debts and commitments towards others 5. Optimizing agreements with vendors

رشيديعقوب النفيسي
رئيس مجلس الادارة

MAZAYA
شركة المازة العامة
AL MAZAYA HOLDING CO. K.S.C.P (HOLDING)

أ. م. م. م.

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, 2020, 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, 2020, 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 matter:

Valuation of investment properties

Investment properties as of December 31, 2020 amounting to KD 168,806,596 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 on a sample basis from the licensed valuers and checked the adequacy of disclosures in the consolidated financial statements, which is included in Note 9.

Other Information

Other information consists of the information included in the Group's 2020 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

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 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, 2020, that might have had a material effect on the business or financial position of the Parent Company.

Furthermore, we have not become aware of any material violations of the provisions of Law 7 of 2010, as amended, relating to the Capital Markets Authority and its related regulations during the year ended December 31, 2020 that might have had a material **effect on the Group's financial position or results of its operations.**

State of Kuwait
January 31, 2021



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