

**AL MAZAYA HOLDING COMPANY K.S.C. (PUBLIC)  
AND ITS SUBSIDIARIES  
STATE OF KUWAIT  
INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION  
FOR THE PERIOD ENDED JUNE 30, 2021  
(UNAUDITED)  
WITH  
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED  
FINANCIAL INFORMATION**

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STATE OF KUWAIT

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CONTENTS

|                                                                                                       |             |
|-------------------------------------------------------------------------------------------------------|-------------|
| Report on review of interim condensed consolidated financial information                              |             |
|                                                                                                       | <u>Page</u> |
| Interim condensed consolidated statement of financial position (unaudited)                            | 2           |
| Interim condensed consolidated statement of profit or loss (unaudited)                                | 3           |
| Interim condensed consolidated statement of profit or loss and other comprehensive income (unaudited) | 4           |
| Interim condensed consolidated statement of changes in equity (unaudited)                             | 5           |
| Interim condensed consolidated statement of cash flows (unaudited)                                    | 6           |
| Notes to interim consolidated financial information (unaudited)                                       | 7 - 14      |

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## **REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION**

The Board of Directors  
Al Mazaya Holding Company K.S.C.P.  
State of Kuwait

### **Introduction**

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Mazaya Holding Company K.S.C.P. (The Parent Company) and its subsidiaries (the Group) as of June 30, 2021 and the related interim condensed consolidated statements of profit or loss, profit or loss and other comprehensive income, changes in equity and cash flows for the six months period then ended. Management of the Parent Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim condensed consolidated financial information based on our review.

### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim financial information performed by the Independent Auditor of the Entity." A review of interim condensed consolidated financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34.

### **Report on other Legal and Regulatory Requirements**

Furthermore, based on our review the interim condensed consolidated financial information is in agreement with the books of account of the Parent Company. We further report that, to the best of our knowledge and belief, we have not become aware of any 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 during the six months period ended June 30, 2021 that might have had a material effect on the Group's financial position or results of its operations.

Furthermore, during our review 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 six months for the period ended June 30, 2021 that might have had a material effect on the Group's financial position or results of its operations.

State of Kuwait  
August 3, 2021



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

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**AL MAZAYA HOLDING COMPANY K.S.C.P. AND ITS SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**AS OF JUNE 30, 2021**

(All amounts are in Kuwaiti Dinars)

|                                                                   | Note | June 30,<br>2021 | December 31,<br>2020<br>(Audited) | June 30,<br>2020 |
|-------------------------------------------------------------------|------|------------------|-----------------------------------|------------------|
| <b>ASSETS</b>                                                     |      |                  |                                   |                  |
| Current assets:                                                   |      |                  |                                   |                  |
| Cash and cash equivalent                                          | 3    | 6,843,883        | 7,078,529                         | 17,162,699       |
| Financial assets at fair value through profit or loss             |      | 375,401          | 372,616                           | 743,610          |
| Accounts receivable and other debit balances                      |      | 8,661,855        | 10,847,874                        | 13,068,180       |
| Properties held for trading                                       |      | 6,503,623        | 6,910,313                         | 8,223,420        |
| Total current assets                                              |      | 22,384,762       | 25,209,332                        | 39,197,909       |
| Non-current assets:                                               |      |                  |                                   |                  |
| Financial assets at fair value through other comprehensive income |      | 11,102,398       | 11,139,946                        | 1,913,095        |
| Investment in an associate                                        |      | -                | -                                 | 9,519,437        |
| Investment properties                                             |      | 166,621,359      | 168,806,596                       | 172,372,806      |
| Property and equipment                                            |      | 1,192,012        | 373,468                           | 448,397          |
| Goodwill                                                          |      | 2,254,210        | 2,254,210                         | 2,254,210        |
| Total non-current assets                                          |      | 181,169,979      | 182,574,220                       | 186,507,945      |
| Total assets                                                      |      | 203,554,741      | 207,783,552                       | 225,705,854      |
| <b>LIABILITIES AND EQUITY</b>                                     |      |                  |                                   |                  |
| Current liabilities:                                              |      |                  |                                   |                  |
| Accounts payable and other credit balances                        |      | 6,590,868        | 6,585,631                         | 6,985,721        |
| Advances from customers                                           |      | 351,975          | 477,684                           | 488,535          |
| Lease liabilities                                                 |      | 1,343,086        | 1,314,272                         | 1,138,654        |
| Islamic bank facilities                                           |      | 6,494,717        | 16,573,980                        | 8,235,163        |
| Term loans                                                        |      | -                | -                                 | 6,485,717        |
| Total current liabilities                                         |      | 14,780,646       | 24,951,567                        | 23,333,790       |
| Non-current liabilities:                                          |      |                  |                                   |                  |
| Accounts payable and other credit balances                        |      | 5,913,770        | 8,107,425                         | 8,440,868        |
| Lease liabilities                                                 |      | 11,150,303       | 11,755,388                        | 12,345,890       |
| Islamic bank facilities                                           |      | 91,337,059       | 81,444,252                        | 93,375,291       |
| Employees' end of service benefits                                |      | 1,707,098        | 1,618,585                         | 1,516,990        |
| Total non-current liabilities                                     |      | 110,108,230      | 102,925,650                       | 115,679,039      |
| Total liabilities                                                 |      | 124,888,876      | 127,877,217                       | 139,012,829      |
| Equity:                                                           |      |                  |                                   |                  |
| Share capital                                                     |      | 68,827,896       | 68,827,896                        | 68,827,896       |
| Share premium                                                     |      | 17,921,560       | 21,655,393                        | 21,655,393       |
| Treasury shares                                                   | 4    | (18,626,865)     | (18,819,349)                      | (19,288,845)     |
| Statutory reserve                                                 |      | 14,344,993       | 14,469,647                        | 14,469,647       |
| Fair value reserve                                                |      | (4,881,392)      | (4,874,003)                       | (4,438,317)      |
| Employees' share option plan                                      |      | -                | 67,830                            | 248,413          |
| Other reserves                                                    |      | 727,068          | 731,986                           | 731,986          |
| Foreign currency translation adjustments                          |      | (13,111,219)     | (11,259,558)                      | (8,672,309)      |
| Retained earnings (accumulated loss)                              |      | 84,233           | (3,733,833)                       | 70,955           |
| Equity attributable to shareholders of Parent Company             |      | 65,286,274       | 67,066,009                        | 73,604,819       |
| Non-controlling interests                                         |      | 13,379,591       | 12,840,326                        | 13,088,206       |
| Total equity                                                      |      | 78,665,865       | 79,906,335                        | 86,693,025       |
| Total liabilities and equity                                      |      | 203,554,741      | 207,783,552                       | 225,705,854      |

The accompanying notes (1) to (12) form an integral part of the interim condensed consolidated financial information.

Rasheed Y. Al Nafisi  
Chairman

Ibrahim A. Al Sqabir  
Chief Executive Officer

**AL MAZAYA HOLDING COMPANY K.S.C.P. AND ITS SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)**  
**FOR THE PERIOD ENDED JUNE 30, 2021**  
(All amounts are in Kuwaiti Dinars)

|                                                                     |      | For the three months ended<br>June 30, |                    | For the six months ended<br>June 30, |                    |
|---------------------------------------------------------------------|------|----------------------------------------|--------------------|--------------------------------------|--------------------|
|                                                                     | Note | 2021                                   | 2020               | 2021                                 | 2020               |
| <b>Revenue:</b>                                                     |      |                                        |                    |                                      |                    |
| Revenue from sale of properties held for trading                    |      | 170,117                                | 7,314,084          | 410,786                              | 9,006,069          |
| Rental income                                                       |      | 2,482,300                              | 2,174,063          | 4,947,244                            | 4,661,666          |
| Medical services' income                                            |      | 842,164                                | -                  | 842,164                              | -                  |
| Net management fees and commission income                           |      | 79,795                                 | 18,208             | 154,343                              | 179,658            |
| Total revenue                                                       |      | <u>3,574,376</u>                       | <u>9,506,355</u>   | <u>6,354,537</u>                     | <u>13,847,393</u>  |
| <b>Costs:</b>                                                       |      |                                        |                    |                                      |                    |
| Cost of sale of properties held for trading                         |      | (148,584)                              | (7,108,045)        | (400,327)                            | (8,667,790)        |
| Cost of rental                                                      |      | (571,135)                              | (443,685)          | (1,124,767)                          | (904,412)          |
| Cost of medical services                                            |      | (589,634)                              | -                  | (589,634)                            | -                  |
| Total costs                                                         |      | <u>(1,309,353)</u>                     | <u>(7,551,730)</u> | <u>(2,114,728)</u>                   | <u>(9,572,202)</u> |
| Gross profit                                                        |      | 2,265,023                              | 1,954,625          | 4,239,809                            | 4,275,191          |
| Impairment loss for lands and properties held for trading           |      | -                                      | -                  | -                                    | (280,997)          |
| Change in fair value of investment properties                       |      | -                                      | -                  | -                                    | (2,068,356)        |
| Share of results from an associate                                  |      | -                                      | (377,236)          | -                                    | (474,452)          |
| Selling and marketing expenses                                      |      | (27,693)                               | (21,972)           | (40,743)                             | (72,372)           |
| General and administrative expenses                                 |      | (904,878)                              | (872,272)          | (1,711,314)                          | (1,773,706)        |
| Operating profit (loss)                                             |      | 1,332,452                              | 683,145            | 2,487,752                            | (394,692)          |
| Net (loss) profit of financial assets                               |      | (8,660)                                | 64,302             | (15,057)                             | 54,620             |
| Net other (expenses) income                                         | 5    | (26,940)                               | (594,142)          | 80,392                               | (1,357,871)        |
| Amortization of finance costs related to lease liabilities          |      | (152,223)                              | (166,027)          | (308,729)                            | (335,321)          |
| Finance costs                                                       |      | (1,035,433)                            | (1,478,836)        | (2,037,391)                          | (2,914,760)        |
| Profit (loss) for the period                                        |      | <u>109,196</u>                         | <u>(1,491,558)</u> | <u>206,967</u>                       | <u>(4,948,024)</u> |
| Attributable to:                                                    |      |                                        |                    |                                      |                    |
| Shareholders of the Parent Company                                  |      | 42,584                                 | (1,493,636)        | 84,233                               | (4,949,596)        |
| Non-controlling interests                                           |      | 66,612                                 | 2,078              | 122,734                              | 1,572              |
| Profit (loss) for the period                                        |      | <u>109,196</u>                         | <u>(1,491,558)</u> | <u>206,967</u>                       | <u>(4,948,024)</u> |
| Earning (loss) per share:                                           |      |                                        |                    |                                      |                    |
| Basic- attributable to shareholders of the parent company – Fils    | 6    | <u>0.07</u>                            | <u>(2.38)</u>      | <u>0.13</u>                          | <u>(7.89)</u>      |
| Diluted - attributable to shareholders of the parent company – Fils | 6    | <u>0.07</u>                            | <u>(2.37)</u>      | <u>0.13</u>                          | <u>(7.86)</u>      |

The accompanying notes (1) to (12) form an integral part of the interim consolidated financial information.

**AL MAZAYA HOLDING COMPANY K.S.C.P. AND ITS SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE**  
**INCOME (UNAUDITED)**  
**FOR THE PERIOD ENDED JUNE 30, 2021**  
(All amounts are in Kuwaiti Dinars)

|                                                                                                                         | For the three months ended<br>June 30, |             | For the six months ended<br>June 30, |             |
|-------------------------------------------------------------------------------------------------------------------------|----------------------------------------|-------------|--------------------------------------|-------------|
|                                                                                                                         | 2021                                   | 2020        | 2021                                 | 2020        |
| Profit (loss) for the period                                                                                            | <b>109,196</b>                         | (1,491,558) | <b>206,967</b>                       | (4,948,024) |
| <b>Other comprehensive loss:</b>                                                                                        |                                        |             |                                      |             |
| <u>Items that may be reclassified subsequently to interim condensed consolidated statement of profit or loss:</u>       |                                        |             |                                      |             |
| Share of foreign currency translation adjustments from associate                                                        | -                                      | 164,448     | -                                    | 133,696     |
| Foreign currency translation adjustments                                                                                | <b>(698,850)</b>                       | (912,128)   | <b>(1,832,215)</b>                   | (277,429)   |
| <u>Items that would not be reclassified subsequently to interim condensed consolidated statement of profit or loss:</u> |                                        |             |                                      |             |
| Share of change in fair value of financial assets through other comprehensive income from associate                     | -                                      | 505         | -                                    | 451         |
| Change in fair value of financial assets through other comprehensive income                                             | <b>11,969</b>                          | -           | <b>(37,548)</b>                      | (1,202,623) |
| Other comprehensive loss for the period                                                                                 | <b>(686,881)</b>                       | (747,175)   | <b>(1,869,763)</b>                   | (1,345,905) |
| Total comprehensive loss for the period                                                                                 | <b>(577,685)</b>                       | (2,238,733) | <b>(1,662,796)</b>                   | (6,293,929) |
| Attributable to:                                                                                                        |                                        |             |                                      |             |
| Shareholders of the parent company                                                                                      | <b>(637,662)</b>                       | (2,173,609) | <b>(1,774,817)</b>                   | (6,293,996) |
| Non-controlling interests                                                                                               | <b>59,977</b>                          | (65,124)    | <b>112,021</b>                       | 67          |
|                                                                                                                         | <b>(577,685)</b>                       | (2,238,733) | <b>(1,662,796)</b>                   | (6,293,929) |

The accompanying notes (1) to (12) form an integral part of the interim consolidated financial information.

**AL MAZAYA HOLDING COMPANY K.S.C.P. AND ITS SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE PERIOD ENDED JUNE 30, 2021**  
(All amounts are in Kuwaiti Dinars)

|                                                  | Attributable to shareholders of the Parent Company |                   |                     |                   |                    |                              |                |                                          |                                      |                   |                           |                   |
|--------------------------------------------------|----------------------------------------------------|-------------------|---------------------|-------------------|--------------------|------------------------------|----------------|------------------------------------------|--------------------------------------|-------------------|---------------------------|-------------------|
|                                                  | Share Capital                                      | Share premium     | Treasury Shares     | Statutory reserve | Fair value reserve | Employees' share option plan | Other reserves | Foreign currency translation adjustments | (Accumulated loss) Retained earnings | Sub-total         | Non-controlling interests | Total             |
| Balance as at January 1, 2021                    | 68,827,896                                         | 21,655,393        | (18,819,349)        | 14,469,647        | (4,874,003)        | 67,830                       | 731,986        | (11,259,558)                             | (3,733,833)                          | 67,066,009        | 12,840,326                | 79,906,335        |
| Profit for the period                            | -                                                  | -                 | -                   | -                 | -                  | -                            | -              | -                                        | 84,233                               | 84,233            | 122,734                   | 206,967           |
| Other comprehensive loss for the period          | -                                                  | -                 | -                   | -                 | (7,389)            | -                            | -              | (1,851,661)                              | -                                    | (1,859,050)       | (10,713)                  | (1,869,763)       |
| Total comprehensive (loss) income for the period | -                                                  | -                 | -                   | -                 | (7,389)            | -                            | -              | (1,851,661)                              | 84,233                               | (1,774,817)       | 112,021                   | (1,662,796)       |
| Setting off Accumulated losses (Note 9)          | -                                                  | (3,733,833)       | -                   | -                 | -                  | -                            | -              | -                                        | 3,733,833                            | -                 | -                         | -                 |
| Effect of partial disposal of a subsidiary       | -                                                  | -                 | -                   | -                 | -                  | -                            | (4,918)        | -                                        | -                                    | (4,918)           | 107,244                   | 102,326           |
| Effect of consolidating a subsidiary (Note 10)   | -                                                  | -                 | -                   | -                 | -                  | -                            | -              | -                                        | -                                    | -                 | 320,000                   | 320,000           |
| Employees' share options exercised               | -                                                  | -                 | 192,484             | (124,654)         | -                  | (67,830)                     | -              | -                                        | -                                    | -                 | -                         | -                 |
| <b>Balance as at June 30, 2021</b>               | <b>68,827,896</b>                                  | <b>17,921,560</b> | <b>(18,626,865)</b> | <b>14,344,993</b> | <b>(4,881,392)</b> | <b>-</b>                     | <b>727,068</b> | <b>(13,111,219)</b>                      | <b>84,233</b>                        | <b>65,286,274</b> | <b>13,379,591</b>         | <b>78,665,865</b> |
| Balance as at January 1, 2020                    | 68,827,896                                         | 21,655,393        | (19,288,845)        | 14,469,647        | (3,293,389)        | 237,109                      | 731,986        | (8,472,837)                              | 5,020,551                            | 79,887,511        | 13,088,139                | 92,975,650        |
| (Loss) profit for the period                     | -                                                  | -                 | -                   | -                 | -                  | -                            | -              | -                                        | (4,949,596)                          | (4,949,596)       | 1,572                     | (4,948,024)       |
| Other comprehensive loss for the period          | -                                                  | -                 | -                   | -                 | (1,144,928)        | -                            | -              | (199,472)                                | -                                    | (1,344,400)       | (1,505)                   | (1,345,905)       |
| Total comprehensive (loss) income for the period | -                                                  | -                 | -                   | -                 | (1,144,928)        | -                            | -              | (199,472)                                | (4,949,596)                          | (6,293,996)       | 67                        | (6,293,929)       |
| Employees' share based payment                   | -                                                  | -                 | -                   | -                 | -                  | 11,304                       | -              | -                                        | -                                    | 11,304            | -                         | 11,304            |
| <b>Balance as at June 30, 2020</b>               | <b>68,827,896</b>                                  | <b>21,655,393</b> | <b>(19,288,845)</b> | <b>14,469,647</b> | <b>(4,438,317)</b> | <b>248,413</b>               | <b>731,986</b> | <b>(8,672,309)</b>                       | <b>70,955</b>                        | <b>73,604,819</b> | <b>13,088,206</b>         | <b>86,693,025</b> |

The accompanying notes from (1) to (12) form an integral part of the interim consolidated financial information.

**AL MAZAYA HOLDING COMPANY K.S.C.P. AND ITS SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE PERIOD ENDED JUNE 30, 2021**  
(All amounts are in Kuwaiti Dinars)

|                                                              |       | For the six months ended<br>June 30 |                   |
|--------------------------------------------------------------|-------|-------------------------------------|-------------------|
|                                                              | Notes | 2021                                | 2020              |
| <b>Cash flows from operating activities:</b>                 |       |                                     |                   |
| Profit (loss) for the period                                 |       | 206,967                             | (4,948,024)       |
| Adjustments for:                                             |       |                                     |                   |
| Allowance for expected credit losses                         |       | 211,316                             | 1,976,104         |
| Allowance for expected credit losses no longer required      |       | (175,528)                           | (840)             |
| Impairment loss on properties held for trading               |       | -                                   | 280,997           |
| Net loss (profit) of financial assets                        |       | 15,057                              | (54,620)          |
| Share of results from an associate                           |       | -                                   | 474,452           |
| Change in fair value of investment properties                |       | -                                   | 2,068,356         |
| Depreciation                                                 |       | 57,169                              | 92,287            |
| Amortization of finance costs related to lease liabilities   |       | 308,729                             | 335,321           |
| Finance costs                                                |       | 2,037,391                           | 2,914,760         |
| Gain on sale of property, plant and equipment                |       | (46,111)                            | -                 |
| Provision for employees' stock option plan                   |       | -                                   | 11,304            |
| Provision for employees' end of service benefits             |       | 97,299                              | 94,413            |
|                                                              |       | <u>2,712,289</u>                    | <u>3,244,510</u>  |
| Changes in operating assets and liabilities:                 |       |                                     |                   |
| Accounts receivable and other debit balances                 |       | 2,153,079                           | (469,938)         |
| Properties held for trading                                  |       | 427,031                             | 5,494,483         |
| Accounts payable and other credit balances                   |       | (1,766,589)                         | (2,336,070)       |
| Advances from customers                                      |       | (119,956)                           | (185,866)         |
| Cash flows generated from operations                         |       | <u>3,405,854</u>                    | <u>5,747,119</u>  |
| Employees' end of service benefits paid                      |       | <u>(6,764)</u>                      | <u>(2,277)</u>    |
| Net cash flows generated from operating activities           |       | <u>3,399,090</u>                    | <u>5,744,842</u>  |
| <b>Cash flows from investing activities:</b>                 |       |                                     |                   |
| Net movement in restricted cash balances                     |       | 20,527                              | (15,999)          |
| Purchase of property, plant and equipment                    |       | (351,111)                           | -                 |
| Proceeds from sale of property, plant and equipment          |       | 175,297                             | -                 |
| Paid for investment properties                               |       | (254,140)                           | (251,651)         |
| Proceeds from sale of investment property                    |       | 850,000                             | -                 |
| Paid for establishment of a subsidiary                       |       | (250,000)                           | -                 |
| Proceeds from partial disposal of a subsidiary               |       | 102,326                             | -                 |
| Dividend received                                            |       | -                                   | 85,050            |
| Net cash flows generated from (used in) investing activities |       | <u>292,899</u>                      | <u>(182,600)</u>  |
| <b>Cash flows from financing activities:</b>                 |       |                                     |                   |
| Net movement in term loans                                   |       | -                                   | (568,000)         |
| Net movement in Islamic bank facilities                      |       | (127,091)                           | 4,358,979         |
| Lease liabilities paid                                       |       | (885,000)                           | (800,000)         |
| Finance costs paid                                           |       | (3,152,062)                         | (941,729)         |
| Net cash flows (used in) generated from financing activities |       | <u>(4,164,153)</u>                  | <u>2,049,250</u>  |
| Net (decrease) increase in cash and cash equivalent          |       | <u>(472,164)</u>                    | <u>7,611,492</u>  |
| Cash related to established subsidiary                       |       | 500,000                             | -                 |
| Foreign currency translation adjustments                     |       | (241,955)                           | (367,299)         |
| Cash and cash equivalent at the beginning of the period      | 3     | <u>6,389,737</u>                    | <u>6,984,204</u>  |
| Cash and cash equivalent at the end of the period            | 3     | <u>6,175,618</u>                    | <u>14,228,397</u> |

The accompanying notes (1) to (12) form an integral part of the interim consolidated financial information.

**AL MAZAYA HOLDING COMPANY K.S.C.P. AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**JUNE 30, 2021**  
(All amounts are in Kuwaiti Dinars)

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1. Incorporation and activities

Al Mazaya Holding Company "The Parent Company" is a Kuwaiti (Public) shareholding company listed on Kuwait Boursa and Dubai Financial Market and registered in the State of Kuwait, and was incorporated based on Memorandum of Incorporation under Ref. No. 3501 / Volume 1 dated November 7, 1998 and its subsequent amendments, the latest of which was notarized in the commercial registry No. 75203 pursuant to a memo issued from shareholding companies department dated June 8, 2021 (Note 9).

The Parent Company's main activities based on the Articles of Association are as follows:

Ownership of Kuwaiti and foreign shareholding companies, ownership of shares and portions of limited liability Kuwaiti and foreign companies or participating in the formation of those companies, as well as managing and guaranteeing those companies, granting loans to the companies in which it owns shares in and guaranteeing them towards others, provided that the percentage of participation of the holding company in the capital of the borrowing company is not less than 20%, ownership of industrial property rights including intellectual rights, trade marks, industrial marks, industrial fees or any other rights relating to such assets and leasing them to other companies to utilize them whether inside or outside the state of Kuwait, ownership of the movable assets and real properties needed to operate within the applicable laws, utilization of its available financial surpluses by investing them in financial real estate portfolios managed by specialized companies.

The Parent Company has the right to practice its aforementioned objectives inside the State of Kuwait and abroad for itself or as agent or representative to other, the Parent Company has the right as well to have interest or to participate with entities that practice similar operations or assist the Parent Company in achieving its objectives inside and outside Kuwait, and such it has the right to establish, form partnership, purchase or merge with those entities.

The Parent Company's registered address is P.O. Box 3546, Safat 13036, State of Kuwait.

The interim condensed consolidated financial information was authorized for issue by the Board of Directors on August 3, 2021.

2. Basis of presentation

The interim condensed consolidated financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The accounting policies used in the preparation of the interim condensed consolidated financial information for the period are consistent with those used in the preparation of the annual financial statements for the fiscal year ended December 31, 2020.

The Group has not early adopted any other standards, interpretations or amendments that has been issued but is not yet effective. Other amendments and interpretations apply for the first time in 2021, but do not have an impact on the interim condensed consolidated financial information of the Group.

The interim condensed consolidated financial information does not include all the information and notes required for complete financial statements prepared in accordance with International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included in the accompanying interim condensed consolidated financial information. Operating results for the period ended June 30, 2021 are not necessarily indicative of the results that may be expected for the year ending December 31, 2021. For further information, refer to the consolidated financial statements and notes thereto for the year ended December 31, 2020.

**AL MAZAYA HOLDING COMPANY K.S.C.P. AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**

**JUNE 30, 2021**

(All amounts are in Kuwaiti Dinars)

**3. Cash and cash equivalent**

|                                                                  | <b>June 30,<br/>2021</b> | <b>December 31,<br/>2020<br/>(Audited)</b> | <b>June 30,<br/>2020</b> |
|------------------------------------------------------------------|--------------------------|--------------------------------------------|--------------------------|
| Cash in hand and at banks                                        | <b>5,843,883</b>         | 5,078,529                                  | 7,662,699                |
| Short term bank deposit (a)                                      | <b>1,000,000</b>         | 2,000,000                                  | 9,500,000                |
|                                                                  | <b>6,843,883</b>         | 7,078,529                                  | 17,162,699               |
| Less: Restricted bank balances (b)                               | <b>(668,265)</b>         | (688,792)                                  | (2,934,302)              |
| Cash and cash equivalent in consolidation statement of cash flow | <b>6,175,618</b>         | 6,389,737                                  | 14,228,397               |

a) The effective interest rate on short term bank deposit is 0.91% (December 31, 2020 - 2.94% and June 30, 2020 – 1.8%) per annum. This deposit has contractual maturity of 30 days.

b) Restricted bank balances represent escrow accounts restricted for receiving and making payments for specific construction activities and as a collateral for same bank facilities of the Group, which may not be available for use within 90 days.

**4. Treasury shares**

|                                 | <b>June 30,<br/>2021</b> | <b>December 31,<br/>2020<br/>(Audited)</b> | <b>June 30,<br/>2020</b> |
|---------------------------------|--------------------------|--------------------------------------------|--------------------------|
| Number of shares                | <b>58,724,740</b>        | 59,331,584                                 | 60,811,242               |
| Percentage of issued shares (%) | <b>8.53</b>              | 8.62                                       | 8.84                     |
| Market value (KD)               | <b>6,459,721</b>         | 3,370,034                                  | 3,156,103                |
| Cost (KD)                       | <b>18,626,865</b>        | 18,819,349                                 | 19,288,845               |

The Parent Company's management has allotted an amount equal to treasury shares balance from share premium and part of statutory reserve as of June 30, 2021. Such amount will not be available for distribution during treasury shares holding period.

Subsequent to the date of the interim condensed consolidated statement of financial position, the Group has cancelled number of 58,719,140 shares from treasury shares balance by reducing the capital and the statutory reserve (Note 9).

**5. Net other (expenses) income**

The comparative financial period for the six months ended on June 30, 2020 include amounts related to a lawsuit was filed by two subsidiaries of the Group before the courts of Dubai in United Arab Emirates (UAE) against some investors for developing real estate projects in Dubai, UAE where the Group's has recorded an amount of AED 7,352,377 (equivalent to KD 612,026) as an income during the comparative period for extended services to the investors. The Group had recognized a provision during the period amounting to AED 14,793,394 (equivalent to KD 1,231,430) in order to complete the recognition of full provision for all the balances reported in its records pertaining to that claim for conservatism purposes and not in surrender to the Group's rights in those balances reported in its records. Subsequent, the first-degree court had ruled in favor of the two subsidiaries for their entitlement of a total amount of AED 19,780,852 (equivalent to KD 1,625,687) in addition to the legal interest of 9% from the date of legal claim till full settlement date for which, the Group had appealed against it in front of Court of Appeal. During the period ended on June 30, 2021, the Court of Appeal ruled by confirming first-degree court's verdict, and the Group is currently in process of filing an appeal in front of the Court of Cassation.

**AL MAZAYA HOLDING COMPANY K.S.C.P. AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**JUNE 30, 2021**  
(All amounts are in Kuwaiti Dinars)

6. Basic and diluted earnings (loss) per share

**Basic earnings (loss) per share:**

The information necessary to calculate basic earnings (loss) per share based on the weighted average number of shares outstanding during the period is as follows:

|                                                                                   | For the three months ended<br>June 30, |              | For the six months ended<br>June 30, |              |
|-----------------------------------------------------------------------------------|----------------------------------------|--------------|--------------------------------------|--------------|
|                                                                                   | 2021                                   | 2020         | 2021                                 | 2020         |
| Profit (Loss) for the period attributable to equity holders of the Parent Company | <b>42,584</b>                          | (1,493,636)  | <b>84,233</b>                        | (4,949,596)  |
| <u>Number of shares outstanding:</u>                                              |                                        |              |                                      |              |
| Number of issued shares at beginning of the period                                | <b>688,278,956</b>                     | 688,278,956  | <b>688,278,956</b>                   | 688,278,956  |
| Less: Weighted average number of treasury shares                                  | <b>(58,724,740)</b>                    | (60,811,242) | <b>(58,839,366)</b>                  | (60,811,242) |
| Weighted average number of shares outstanding                                     | <b>629,554,216</b>                     | 627,467,714  | <b>629,439,590</b>                   | 627,467,714  |
| Basic earnings (loss) per share (Fils)                                            | <b>0.07</b>                            | (2.38)       | <b>0.13</b>                          | (7.89)       |

**Diluted earnings (loss) per share:**

Diluted earnings (loss) per share is calculated adjusting the weighted average number of ordinary shares outstanding to assume allotment of all dilutive potential ordinary shares, and to adjust the profit (loss) for the period with the assumed effect of those potential dilutive shares had they been issued.

The information necessary to calculate diluted earnings (loss) per share are as follows:

|                                                                                            | For the three months ended<br>June 30, |             | For the six months ended<br>June 30, |             |
|--------------------------------------------------------------------------------------------|----------------------------------------|-------------|--------------------------------------|-------------|
|                                                                                            | 2021                                   | 2020        | 2021                                 | 2020        |
| Profit (Loss) for the period attributable to equity holders of the Parent Company          | <b>42,584</b>                          | (1,493,636) | <b>84,233</b>                        | (4,949,596) |
| <u>Weighted average shares adjusted for dilution effect:</u>                               |                                        |             |                                      |             |
| Weighted average number of shares outstanding used in calculating basic earnings per share | <b>629,554,216</b>                     | 627,467,714 | <b>629,439,590</b>                   | 627,467,714 |
| Adjustment for share options                                                               | -                                      | 2,087,000   | -                                    | 2,087,000   |
| Weighted average number of shares for diluted earnings per share                           | <b>629,554,216</b>                     | 629,554,714 | <b>629,439,590</b>                   | 629,554,714 |
| Diluted earnings (loss) per share (Fils)                                                   | <b>0.07</b>                            | (2.37)      | <b>0.13</b>                          | (7.86)      |

**AL MAZAYA HOLDING COMPANY K.S.C.P. AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**JUNE 30, 2021**  
(All amounts are in Kuwaiti Dinars)

7. Related party disclosures

The Group has entered into various transactions with related parties, i.e. key management personnel and other related parties. Prices and terms of payment are to be approved by the Group's management. Significant related party transactions and balances are as follows:

**Interim condensed consolidated statement of financial position:**

|                                              | Key<br>management<br>personnel | June 30,<br>2020 | December 31,<br>2020<br>(Audited) | June 30,<br>2020 |
|----------------------------------------------|--------------------------------|------------------|-----------------------------------|------------------|
| Accounts receivable and other debit balances | 1,845                          | 1,845            | 140,371                           | 1,929            |
| Accounts payable and other credit balances   | 174,406                        | 174,406          | 90,000                            | 21,622           |
| Lease liabilities (a)                        | 3,752,943                      | 3,752,943        | 3,973,687                         | 4,100,196        |

Amounts due from / to related parties are interest free and are receivable or payable on demand.

Certain key management personnel and their relatives have 50% ownership interest in Med Cell medical company K.S.C.C (a subsidiary to the Group) – Note 10

**Transactions included in the interim condensed consolidated statement of profit or loss:**

|                                                            | Key<br>management<br>personnel | For the six months ended<br>June 30, |           |
|------------------------------------------------------------|--------------------------------|--------------------------------------|-----------|
|                                                            |                                | 2021                                 | 2020      |
| Rental income                                              | 1,436                          | 1,436                                | -         |
| Amortization of finance costs related to lease liabilities | (94,256)                       | (94,256)                             | (102,260) |

- a) The amounts recognized for this lease liability mentioned above as at June 30, 2021 that compose part of the Groups' consolidated lease liabilities can be presented as follows:

|                                            | June 30,<br>2021 | June 30,<br>2020 |
|--------------------------------------------|------------------|------------------|
| Lease liability within one year            | 540,000          | 540,000          |
| Remaining liability till end of lease term | 4,023,000        | 4,563,000        |
| Total lease liability                      | 4,563,000        | 5,103,000        |
| Less: Unamortized future finance charge    | (810,057)        | (1,002,804)      |
| Present value of minimum lease payments    | 3,752,943        | 4,100,196        |

**Compensation to key management personnel:**

|                     | For the three months ended<br>June 30, |         | For the six months ended<br>June 30, |         |
|---------------------|----------------------------------------|---------|--------------------------------------|---------|
|                     | 2021                                   | 2020    | 2021                                 | 2020    |
| Short term benefits | 137,454                                | 155,898 | 275,858                              | 311,798 |
| Terminal benefits   | 14,621                                 | 16,251  | 29,325                               | 32,502  |
|                     | 152,075                                | 172,149 | 305,183                              | 344,300 |

During the period ended June 30, 2021, the Parent Company has recognized an expense amounting to KD Nil (June 30, 2020 - KD 11,304) relating to equity-settled share-based payment transactions to its employees. During the period ended June 30, 2021, some employees exercised their share options with 606,844 shares, and these shares were issued from treasury shares held with the Group against setting off the full balance of employees' share option plan reserve and part of statutory reserve in accordance with Capital Market Authority guidelines.

**AL MAZAYA HOLDING COMPANY K.S.C.P. AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**

**JUNE 30, 2021**

(All amounts are in Kuwaiti Dinars)

**8. Segment information**

For management purposes, the Group is divided into geographical segments that are: State of Kuwait, United Arab Emirates (UAE), Kingdom of Saudi Arabia (KSA), Turkey and others, where the Group performs its main activities in the real estate segment. There is no income generating transactions between the Group's segments.

|                           | Six months period ended June 30, 2021 |            |            |           |            |             | Six months period ended June 30, 2020 |            |            |            |            |             |
|---------------------------|---------------------------------------|------------|------------|-----------|------------|-------------|---------------------------------------|------------|------------|------------|------------|-------------|
|                           | Kuwait                                | UAE        | KSA        | Turkey    | Others     | Total       | Kuwait                                | UAE        | KSA        | Turkey     | Others     | Total       |
| Segment revenue           | 4,507,550                             | 1,122,184  | 318,583    | 94,000    | 312,220    | 6,354,537   | 2,771,017                             | 8,925,212  | 459,047    | 1,328,172  | 363,945    | 13,847,393  |
| Segment (loss) profit     | (302,733)                             | 276,024    | 285,580    | (13,097)  | (38,807)   | 206,967     | (3,024,944)                           | (420,797)  | (189,959)  | (900,901)  | (411,423)  | (4,948,024) |
|                           | As at June 30, 2021                   |            |            |           |            |             | As at June 30, 2020                   |            |            |            |            |             |
|                           | Kuwait                                | UAE        | KSA        | Turkey    | Others     | Total       | Kuwait                                | UAE        | KSA        | Turkey     | Others     | Total       |
| Total segment assets      | 91,475,734                            | 73,365,388 | 15,272,111 | 7,853,474 | 15,588,034 | 203,554,741 | 100,715,541                           | 78,057,777 | 15,823,544 | 11,967,415 | 19,141,577 | 225,705,854 |
| Total segment liabilities | 111,921,503                           | 7,788,774  | 234,240    | 219,807   | 4,724,552  | 124,888,876 | 114,234,567                           | 10,386,767 | 284,507    | 6,900,510  | 7,206,478  | 139,012,829 |
|                           | As at December 31, 2020 (Audited)     |            |            |           |            |             |                                       |            |            |            |            |             |
|                           | Kuwait                                | UAE        | KSA        | Turkey    | Others     | Total       |                                       |            |            |            |            |             |
| Total segment assets      | 91,030,766                            | 75,958,344 | 15,467,165 | 9,445,488 | 15,881,789 | 207,783,552 |                                       |            |            |            |            |             |
| Total segment liabilities | 112,538,666                           | 10,019,593 | 282,755    | 295,569   | 4,740,634  | 127,877,217 |                                       |            |            |            |            |             |

**AL MAZAYA HOLDING COMPANY K.S.C.P. AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**JUNE 30, 2021**  
(All amounts are in Kuwaiti Dinars)

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9. Annual General Assembly

The Annual General Meeting of the Shareholders held on February 22, 2021, has approved the consolidated financial statements of the Group for the year ended December 31, 2020, and approved the following items:

- Not to distribute cash dividend or bonus share and not to pay Board of Directors remuneration for the year ended December 31, 2020.
- To offset the entire accumulated loss balance amounted to KD 3,733,833 representing 5.42% from capital share as at December 31, 2020 against reducing the balance of the share premium from KD 21,655,393 to KD 17,921,560.

The Annual General Meeting of the Shareholders held on February 20, 2020, has approved the consolidated financial statements of the Group for the year ended December 31, 2019, and not to distribute cash dividend or bonus share and not to pay Board of Directors remuneration for the year ended December 31, 2019.

During the period ended June 30, 2021, the extraordinary General meeting of the Shareholders held on April 25, 2021 has approved to cancel 58,719,140 shares of direct treasury shares amounted to KD 18,625,088 by reducing the Parent Company's share capital from KD 68,827,896 to KD 62,955,982 as an equivalent to the direct treasury shares' par value amounted to KD 5,871,914 in addition to reduce the statutory reserve by KD 12,753,174. On June 8, 2021, the commercial registry notarization was completed, and subsequent to the interim condensed consolidated statement of financial position's date, the related amendment procedures of the Parent Company's shareholders register have been completed, where the impact of those transactions was therefore recorded subsequent to the interim condensed consolidated statement of financial position.

10. Establishment and consolidating of a subsidiary

During the period ended June 30, 2021, The group has completed the establishment of a medical subsidiary and consolidating it in its consolidated financial statements, detailed as follows:

| <u>Name of subsidiary</u>               | <u>Country of incorporation</u> | <u>Principal activities</u> | <u>Percentage of ownership</u> |
|-----------------------------------------|---------------------------------|-----------------------------|--------------------------------|
| Med Cell medical company – K.S.C.C. (a) | Kuwait                          | Medical services            | 50%                            |

- (a) The Parent Company has consolidated the financial statements for this subsidiary as the Parent Company is represented by a majority of the subsidiary's board of directors members, which qualifies it to have a control over this new subsidiary.

11. Fair value measurement

The Group measures financial assets such as financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income, and non-financial assets such as investment properties at fair value at the end of the financial period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

**AL MAZAYA HOLDING COMPANY K.S.C.P. AND ITS SUBSIDIARIES**  
**NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**JUNE 30, 2021**  
(All amounts are in Kuwaiti Dinars)

The details of fair value measurement hierarchy are as follows:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.  
Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.  
Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The following table shows an analysis of captions recorded at fair value by level of the fair value hierarchy:

| <b>June 30, 2021</b>                                              |                |                   |                    |                    |
|-------------------------------------------------------------------|----------------|-------------------|--------------------|--------------------|
|                                                                   | <b>Level 1</b> | <b>Level 2</b>    | <b>Level 3</b>     | <b>Total</b>       |
| Financial assets at fair value through profit or loss             | -              | -                 | 375,401            | 375,401            |
| Financial assets at fair value through other comprehensive income | -              | 1,559,194         | 9,543,204          | 11,102,398         |
| Investment properties                                             | -              | 47,134,692        | 119,486,667        | 166,621,359        |
|                                                                   | <u>-</u>       | <u>48,693,886</u> | <u>129,405,272</u> | <u>178,099,158</u> |
| <b>December 31, 2020 (Audited)</b>                                |                |                   |                    |                    |
|                                                                   | <b>Level 1</b> | <b>Level 2</b>    | <b>Level 3</b>     | <b>Total</b>       |
| Financial assets at fair value through profit or loss             | -              | -                 | 372,616            | 372,616            |
| Financial assets at fair value through other comprehensive income | -              | 1,259,696         | 9,880,250          | 11,139,946         |
| Investment properties                                             | -              | 49,212,941        | 119,593,655        | 168,806,596        |
|                                                                   | <u>-</u>       | <u>50,472,637</u> | <u>129,846,521</u> | <u>180,319,158</u> |
| <b>June 30, 2020</b>                                              |                |                   |                    |                    |
|                                                                   | <b>Level 1</b> | <b>Level 2</b>    | <b>Level 3</b>     | <b>Total</b>       |
| Financial assets at fair value through profit or loss             | 41,032         | -                 | 702,578            | 743,610            |
| Financial assets at fair value through other comprehensive income | -              | 1,913,095         | -                  | 1,913,095          |
| Investment properties                                             | -              | 27,745,018        | 144,627,788        | 172,372,806        |
|                                                                   | <u>41,032</u>  | <u>29,658,113</u> | <u>145,330,366</u> | <u>175,029,511</u> |

There were no transfers between Level 1, Level 2 and Level 3 during the period.

**12. Significant Impact of COVID-19**

The recent outbreak of the coronavirus ("COVID-19") across various geographies globally since end of year 2019 up till now, which was declared a pandemic by the World Health Organization, has caused disruption to business and economic activities. The fiscal and monetary authorities around the world, including Kuwait, have announced various support measures to counter the possible adverse implications of COVID-19. The Group has taken several measures to manage its risk associated with the pandemic, including identification of the most vulnerable sectors primarily affected and placing added measures to ensure a high level of scrutiny. The uncertainties caused by COVID-19 required the Group to consider the impact of volatility in the forward-looking macro-economic factors in order to manage the credit risk and liquidity risk and to determine the impact of COVID-19 consequences on the fair value measurement of financial and non-financial instruments in order to reflect that impact in the consolidated financial statements since the pandemic outbreak and till the accompanied interim consolidated financial information date.

The Group has performed an assessment on its ability to continue as a going concern considering current economic conditions and all available information about future risks and uncertainties. The projections have been prepared to cover the Group's future performance, capital and liquidity requirements. The impact of COVID-19 may continue to evolve, but currently, the projections show that the Group has the required resources to continue in operations on a going concern, such position that remains significantly unaffected and unchanged since December 31, 2020. As a result, those interim consolidated financial information have been prepared on a going concern basis.

The Group had concluded that no material adjustments are required for liabilities and other assets as of the accompanied interim consolidated financial information. The management will need to carefully consider the measurement and recognition requirements for impairment losses on the Group's assets in the future, as the extent and duration of the economic impact of those events remains uncertain, since it depends on future developments that cannot be accurately predicted at this time, such as the rate of virus spread, the effectiveness of the containment measures taken and the trends and effectiveness of approved vaccinations by governmental authorities across the world. Given the ongoing uncertainty for the related economic impact, a reliable estimate of the impact cannot be currently made, but it may affect financial statements in future periods. The impact's magnitude and amount may vary according to the extent and period during which those events are expected to end along with their effects.