

AL MAZAYA HOLDING COMPANY K.S.C. (CLOSED)
AND SUBSIDIARIES
STATE OF KUWAIT

INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED MARCH 31, 2007
(UNAUDITED)

WITH REVIEW REPORT ON INTERIM CONSOLIDATED
FINANCIAL INFORMATION

AL MAZAYA HOLDING COMPANY K.S.C. (CLOSED)
AND SUBSIDIARIES
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Review report on interim consolidated financial information

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Review report on interim consolidated financial information

The Board of Directors
Al Mazaya Holding Company K.S.C. (Closed)
State of Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of Al Mazaya Holding Company K.S.C. (Closed) (the Parent Company) and subsidiaries (the Group) as of March 31, 2007 and the related condensed consolidated statements of income, changes in equity and cash flows for the three months period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim consolidated financial information in accordance with International Accounting Standard 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this interim consolidated financial information based on our review.

We did not review the interim financial information of the subsidiary, First Dubai for Real Estate Development Company K.S.C. (Closed), whose total assets and revenues constitute 28.96% and 22.80% of the respective consolidated totals. The financial information of the above mentioned subsidiary were reviewed by other auditors, whose report were provided to us and our conclusion in so far as it relates to the amounts included in the interim consolidated financial information related to this subsidiary is based solely on the report of the other auditors.

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 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 consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting'.

Report on other Legal and Regulatory Requirements

Furthermore, the interim consolidated financial information is in agreement with the books of account. We further report that, to the best of our knowledge and belief, no violations of the Commercial Companies' Law of 1960, as amended, or of the Articles of Association of the Parent Company have occurred during the period ended March 31, 2007 that might have had a material effect on the business of the Parent Company or on its financial position.

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State of Kuwait
_____, 2007

AL MAZAYA HOLDING COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)
MARCH 31, 2007
(All amounts are in Kuwaiti Dinars)

		March 31,	December 31,	March 31,
		2007	2006	2006
	Notes		(Audited)	
ASSETS				
Cash and cash equivalents	3	27,303,256	16,096,502	1,328,093
Investments at fair value through income statement		20,986,829	21,815,983	14,068,430
Accounts receivable and other debit balances	4	32,695,655	23,567,628	8,596,138
Rights to certain properties		-	-	1,527,432
Investment in joint venture		1	1	-
Investment in unconsolidated subsidiaries		-	-	8,994,603
Properties under development	5	64,343,026	59,191,060	13,387,905
Investment properties	6	35,538,499	43,226,075	1,680,118
Work in progress		8,783,503	1,075,479	5,773,838
Fixed assets		2,769,048	274,381	133,242
Goodwill	1	1,052,479	920,096	-
		<u>193,472,296</u>	<u>166,167,205</u>	<u>55,489,799</u>
LIABILITIES AND EQUITY				
Liabilities:				
Bank overdraft		-	-	2,525,661
Accounts payable and other credit balances	7	55,242,479	30,285,627	12,550,720
Term loan		3,000,000	4,830,000	830,000
Wakala payable		10,373,155	6,000,000	6,000,000
Gross amount due to customers for properties under development	8	5,768,225	-	-
Deferred consideration on acquisition of properties	9	39,608,994	33,421,846	4,278,950
Total liabilities		<u>113,992,853</u>	<u>74,537,473</u>	<u>26,185,331</u>
Equity:				
Capital	10	31,589,150	28,601,242	18,937,500
Share premium	11	33,234,971	32,758,688	30,000
Statutory reserve		4,514,191	4,514,191	2,073,451
Voluntary reserve		4,514,191	4,514,191	2,073,451
Gain on sale of treasury shares		93,958	97,258	85,266
Employees' share option reserve	19	305,339	-	-
Assets revaluation surplus		1,038,731	1,038,731	-
Foreign currency translation adjustment		(1,042)	-	-
Effect of changes in subsidiary's equity		68,900	-	-
Retained earnings		10,254,005	23,290,875	10,076,319
		<u>85,612,394</u>	<u>94,815,176</u>	<u>33,275,987</u>
Treasury shares	12	<u>(9,432,338)</u>	<u>(7,013,148)</u>	<u>(3,971,519)</u>
		76,180,056	87,802,028	29,304,468
Minority interest		3,299,387	3,827,704	-
Total equity		<u>79,479,443</u>	<u>91,629,732</u>	<u>29,304,468</u>
		<u>193,472,296</u>	<u>166,167,205</u>	<u>55,489,799</u>

The accompanying notes (1) to (23) are an integral part of the interim consolidated financial information

Rashid Y. Al-Nafisi
Chairman

Khalid S. Esbaitah
Vice Chairman and Managing Director

AL MAZAYA HOLDING COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2007
(All amounts are in Kuwaiti Dinars)

		Three months ended March 31,	
	Notes	2007	2006
Profit from sale of properties under development	13	5,499,731	4,196,377
Management fees, commission and consultancy income	14	523,093	643,570
Loss from sale of rights to certain properties		-	(70,608)
Net investment loss	15	(82,650)	(158,985)
Other income		1,050	25,936
Marketing expenses		(551,749)	(122,379)
Administrative expenses		(852,446)	(225,789)
Expenses related to equity settled share based payments	19	(305,339)	-
Depreciation		(19,820)	(9,145)
Expenses on completed projects		(204,605)	-
Foreign currency exchange loss		2,970	-
Interest income		154,733	301
Finance charges		(354,861)	(147,576)
Profit for the period before Contribution to Kuwait Foundation for the Advancement of Sciences and National Labor Support Tax		3,810,107	4,131,702
Contribution to Kuwait Foundation for the Advancement of Sciences		(19,831)	(37,185)
National Labor Support Tax		(93,166)	(92,034)
Net profit for the period		<u>3,697,110</u>	<u>4,002,483</u>
Attributable to:			
Equity holders of the Parent Company		3,613,652	4,002,483
Minority interest		83,458	-
Net profit for the period		<u>3,697,110</u>	<u>4,002,483</u>
		<u>Fils</u>	<u>Fils</u>
Basic and diluted earnings per share attributable to the equity holders of the Parent Company	16	<u>10.99</u>	<u>19.00</u>

The accompanying notes (1) to (23) are an integral part of the interim consolidated financial information

AL MAZAYA HOLDING COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2007
(All amounts are in Kuwaiti Dinars)

	Attributable to equity holders of the parent company										Treasury shares	Subtotal	Minority interest	Total
	Capital	Share premium	Statutory reserve	Voluntary reserve	Gain on sale of treasury shares	Employee share option reserve	Assets revaluation surplus	Retained earnings	Foreign currency translation adjustments	Effect of changes in subsidiary's equity				
Balance at December 31, 2005	15,150,000	30,000	2,073,451	2,073,451	-	-	-	13,456,881	-	-	(1,370,562)	31,413,221	-	31,413,221
Gain on sale of treasury shares	-	-	-	-	85,266	-	-	-	-	-	-	85,266	-	85,266
Net income recognized directly in equity	-	-	-	-	85,266	-	-	-	-	-	-	85,266	-	85,266
Profit for the period	-	-	-	-	-	-	-	4,002,483	-	-	-	4,002,483	-	4,002,483
Total recognized income for the period	-	-	-	-	85,266	-	-	4,002,483	-	-	-	4,087,749	-	4,087,749
Cash dividends (2005 – 25 fils per share)	-	-	-	-	-	-	-	(3,595,545)	-	-	-	(3,595,545)	-	(3,595,545)
Bonus shares (2005 – 25%)	3,787,500	-	-	-	-	-	-	(3,787,500)	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	(4,219,788)	(4,219,788)	-	(4,219,788)
Sale of treasury shares	-	-	-	-	-	-	-	-	-	-	1,618,831	1,618,831	-	1,618,831
Balance at March 31, 2006	<u>18,937,500</u>	<u>30,000</u>	<u>2,073,451</u>	<u>2,073,451</u>	<u>85,266</u>	<u>-</u>	<u>-</u>	<u>10,076,319</u>	<u>-</u>	<u>-</u>	<u>(3,971,519)</u>	<u>29,304,468</u>	<u>-</u>	<u>29,304,468</u>
Balance at December 31, 2006	28,601,242	32,758,688	4,514,191	4,514,191	97,258	-	1,038,731	23,290,875	-	-	(7,013,148)	87,802,028	3,827,704	91,629,732
Foreign currency translation adjustment	-	-	-	-	-	-	-	-	(1,042)	-	-	(1,042)	-	(1,042)
Net expense recognized directly in equity	-	-	-	-	-	-	-	-	(1,042)	-	-	(1,042)	-	(1,042)
Profit for the period	-	-	-	-	-	-	-	3,613,652	-	-	-	3,613,652	83,458	3,697,110
Total recognized income (expense) for the period	-	-	-	-	-	-	-	3,613,652	(1,042)	-	-	3,612,610	83,458	3,696,068
Increase in capital (Note 10)	116,167	-	-	-	-	-	-	-	-	-	-	116,167	-	116,167
Share premium	-	476,283	-	-	-	-	-	-	-	-	-	476,283	-	476,283
Cash dividend (2006 – 50 fils per share)	-	-	-	-	-	-	-	(13,778,781)	-	-	-	(13,778,781)	-	(13,778,781)
Bonus shares (2006 – 10%)	2,871,741	-	-	-	-	-	-	(2,871,741)	-	-	-	-	-	-
Effect of changes in subsidiary's equity	-	-	-	-	-	-	-	-	-	68,900	-	68,900	-	68,900
Employee share option reserve (Note 19)	-	-	-	-	-	305,339	-	-	-	-	-	305,339	-	305,339
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	(2,664,694)	(2,664,694)	-	(2,664,694)
Sale of treasury shares	-	-	-	-	(3,300)	-	-	-	-	-	245,504	242,204	-	242,204
Acquisition of minority	-	-	-	-	-	-	-	-	-	-	-	-	(611,775)	(611,775)
Balance at March 31, 2007	<u>31,589,150</u>	<u>33,234,971</u>	<u>4,514,191</u>	<u>4,514,191</u>	<u>93,958</u>	<u>305,339</u>	<u>1,038,731</u>	<u>10,254,005</u>	<u>(1,042)</u>	<u>68,900</u>	<u>(9,432,338)</u>	<u>76,180,056</u>	<u>3,299,387</u>	<u>79,479,443</u>

The accompanying notes (1) to (23) are an integral part of the interim consolidated financial information

AL MAZAYA HOLDING COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2007
(All amounts are in Kuwaiti Dinars)

		Three months ended March 31,	
	Notes	2007	2006
Cash flows from operating activities:			
Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences and National Labor Support Tax		3,810,107	4,131,702
Adjustments for:			
Net investment loss		82,650	158,985
Depreciation		19,820	9,145
Interest income		(154,733)	(301)
Finance charges		354,861	147,576
Expenses related to equity settled share based payments		305,339	-
Provision for end of service indemnity		35,456	-
Operating profit before working capital changes		4,453,500	4,447,107
Increase in accounts receivable and other debit balances		(9,102,243)	(1,692,178)
Decrease in rights to certain properties		-	44,096
Decrease (increase) in properties under development		2,927,050	(2,121,503)
Increase in work in progress		(7,621,960)	(1,099,041)
Increase in accounts payable and other credit balances		10,372,107	2,353,858
Increase in gross amount due to customers for properties under development		5,768,225	-
Increase (decrease) in deferred consideration on acquisition of properties		6,187,148	(1,685,903)
Cash generated from operations		12,983,827	246,436
Paid to Kuwait Foundation for the Advancement of Sciences		(216,197)	(129,766)
Paid to National Labor Support Tax		-	(280,199)
End of service indemnity paid		(3,104)	-
Net cash generated from (used in) operating activities		12,764,526	(163,529)
Cash flows from investing activities:			
Decrease (increase) of investments at fair value through income statement		923,765	(385,945)
Interest income received		196,494	-
Net movement in investment properties		105,676	(1,179,193)
Paid against increase in equity holding of a subsidiary		(1,250)	-
Purchase of fixed assets		(2,513,964)	(32,083)
Net cash used in investing activities		(1,289,279)	(1,597,221)

AL MAZAYA HOLDING COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2007
(All amounts are in Kuwaiti Dinars)

		Three months ended March 31,	
	Notes	2007	2006
Cash flows from financing activities:			
Increase in bank overdraft		-	2,525,661
Payment of term loans		(1,864,600)	-
Paid for purchase of treasury shares		(2,664,694)	(4,219,788)
Cash dividends paid		-	(1,300)
Finance charges paid		(394,166)	(150,025)
Wakala received		4,338,555	-
Proceeds from sale of treasury shares		242,204	1,704,097
Movement in equity of subsidiary		68,900	-
Net cash used in financing activities		(273,801)	(141,355)
Net increase (decrease) in cash and cash equivalents		11,201,446	(1,902,105)
Foreign currency translation adjustment		(1,042)	-
Cash balance related to increase in equity holding in a subsidiary		6,350	-
Cash and cash equivalents at the beginning of the period		16,096,502	3,230,198
Cash and cash equivalents at the end of the period	3	27,303,256	1,328,093

The accompanying notes (1) to (23) are an integral part of the interim consolidated financial information

AL MAZAYA HOLDING COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES
 NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
 MARCH 31, 2007
 (All amounts are in Kuwaiti Dinars)

1. Establishment and activities of the Group

Al Mazaya Holding Company - K.S.C. (Closed) was incorporated on November 7, 1998 under the Commercial Companies Law No. 15 of 1960 and amendments there to.

The Parent Company is engaged in investment in local and foreign companies, real estate properties and consultancy services. The registered office of the Parent Company is at Salhia complex, Fahed Al Salem Street, P.O. Box 3546, Safat 13036, Kuwait.

The interim consolidated financial information include the financial information of Al Mazaya Holding Company - K.S.C. (Closed) (the Parent Company) and the following subsidiaries (the Group):

Subsidiaries	Country of incorporation	Percentage of holding		
		March 31, 2007 %	December 31, 2006 %	March 31, 2006 %
Al Mazaya Real Estate Development Company – K.S.C. (Closed)	Kuwait	100	100	100
Al Mazaya Real Estate FZ/LLC and its subsidiaries:				
Al Dana Real Estate Limited	U.A.E.	100	100	100
Al Rayhan Real Estate Limited	U.A.E.	100	100	-
Al Mazaya Al Khalijia for General Trading – Khalid S. Esbaitah and Partners – W.L.L.	Kuwait	100	100	100
Al Mazaya Al Arabia Real Estate Company – Khalid S. Esbaitah and Partners – W.L.L.	Kuwait	100	100	100
Al Mazaya International for Projects Management – Khalid S. Esbaitah and Partners – W.L.L.	Kuwait	100	100	100
Mazaya Lebanon Holding - S.A.L. (Holding) and its subsidiary:				
Mazaya Lamartien - S.A.L.	Lebanon	100	100	100
First Dubai for Real Estate Development Company - K.S.C. (Closed)	Kuwait	91.73	90	-

As of March 31, 2007, the Parent Company acquired additional 1.73% interest in the equity of First Dubai for Real Estate Development Company - K.S.C. (Closed) for an amount of KD 593,700. The goodwill resulting from the additional acquisition of this subsidiary is as follows:

Consideration paid	1,250
Value of shares issued	592,450
Less: The group's share of fair value of identifiable assets and liabilities at the date of the acquisition	(461,317)
Goodwill	<u>132,383</u>

These interim condensed consolidated financial information were approved for issue by the board of Directors on _____, 2007.

AL MAZAYA HOLDING COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2007
(All amounts are in Kuwaiti Dinars)

2. Basis of preparation

These interim condensed consolidated financial information have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and the guidelines issued by the Kuwait Stock Exchange. The accounting policies used in the preparation of the interim condensed consolidated financial statements for the period are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2006.

The interim condensed consolidated financial information do not include all of the information and footnotes 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. Operating results for the period ended March 31, 2007 are not necessarily indicative of the results that may be expected for the year ending December 31, 2007. For further information, refer to the consolidated financial statements and notes thereto for the year ended December 31, 2006.

3. Cash and cash equivalents

	March 31, 2007	December 31, 2006 (Audited)	March 31. 2006
Cash and bank balances	6,531,340	2,359,581	1,148,086
Fixed deposits	20,728,076	13,587,173	-
Short term money market fund	43,840	149,748	180,007
	<u>27,303,256</u>	<u>16,096,502</u>	<u>1,328,093</u>

Fixed deposits earn an average interest rate of 5.325% (December 31, 2006 – 5.25% and March 31, 2006 – Nil) per annum.

Investment in short term money market fund is managed by a related party.

4. Accounts receivable and other debit balances

	March 31, 2007	December 31, 2006 (Audited)	March 31. 2006
Trade receivable	22,151,955	10,141,238	3,676,573
Advances to contractors	9,968,409	5,731,030	4,004,486
Amount due from related parties	443,773	7,342,323	69,467
Staff receivable	26,390	27,510	19,202
Other receivable	105,128	325,527	826,410
	<u>32,695,655</u>	<u>23,567,628</u>	<u>8,596,138</u>

AL MAZAYA HOLDING COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2007
(All amounts are in Kuwaiti Dinars)

5. Properties under development

	March 31, 2007	December 31, 2006 (Audited)	March 31. 2006
Cost incurred to date plus recognized profit	77,444,657	20,417,072	27,283,591
Amount transfer from rights to certain properties	-	15,300,318	-
Addition relating to the newly consolidated subsidiaries	-	47,063,469	-
Transfer from work in progress	-	3,599,318	-
Less: Progress billings	(13,101,631)	(27,189,117)	(13,895,686)
Total properties under development	<u>64,343,026</u>	<u>59,191,060</u>	<u>13,387,905</u>

6. Investment properties

	March 31, 2007	December 31, 2006 (Audited)	March 31. 2006
Balance at the beginning of the period	43,226,075	400,925	400,925
Transferred to work in progress	(7,581,900)	-	-
Additions during the period	2,421,942	32,736,485	1,279,193
Addition relating to the newly consolidated subsidiaries	-	6,780,670	-
Changes in fair value of investment properties	-	3,307,995	-
Disposals	(2,527,618)	-	-
Balance at the end of the period	<u>35,538,499</u>	<u>43,226,075</u>	<u>1,680,118</u>

7. Accounts payable and other credit balances

	March 31, 2007	December 31, 2006 (Audited)	March 31. 2006
Trade payable	15,272,773	8,442,293	3,417,005
Advances received from customers	18,057,056	12,165,477	2,195,255
Due to related parties	924,128	6,156,006	2,829,839
Dividend payable	14,383,990	605,209	3,739,653
Other payables and accrued expenses	6,604,532	2,916,642	368,968
	<u>55,242,479</u>	<u>30,285,627</u>	<u>12,550,720</u>

AL MAZAYA HOLDING COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2007
(All amounts are in Kuwaiti Dinars)

8. Gross amount due to customers for properties under development

	March 31, 2007	December 31, 2006 (Audited)	March 31. 2006
Cost incurred to date plus recognized profit	24,596,827	-	-
Less: Progress billings	(30,365,052)	-	-
Total properties under development	<u>(5,768,225)</u>	<u>-</u>	<u>-</u>

9. Deferred consideration on acquisition of properties

	March 31, 2007	December 31, 2006 (Audited)	March 31. 2006
Balance at the beginning of the period	33,421,846	5,964,853	5,964,853
Additions during the period	16,485,335	19,057,313	-
Amount transfer from rights to certain properties	-	4,862,287	-
Addition relating to the newly consolidated subsidiaries	-	7,177,990	-
Consideration paid during the period	<u>(10,298,187)</u>	<u>(3,640,597)</u>	<u>(1,685,903)</u>
Balance at the end of the period	<u>39,608,994</u>	<u>33,421,846</u>	<u>4,278,950</u>

10. Capital

The company's authorized capital is KD 31,617,150 divided into 316,171,500 shares of 100 fils each.

During the three month ended March 31, 2007, 1,161,670 shares were issued to acquire First Dubai for Real Estate Development Company - K.S.C. (Closed). Accordingly, the authorized, issued and paid up capital is as follows:

	March 31, 2007	December 31, 2006 (Audited)	March 31, 2006
Authorized capital (shares)	316,171,500	287,454,090	189,375,000
Authorized capital (KD)	31,617,150	28,745,409	18,937,500
Issued and paid up capital (shares)	315,891,500	286,012,420	189,375,000
Issued and paid up capital (KD)	31,589,150	28,601,242	18,937,500
Number of unsubscribed shares (shares)	280,000	1,441,670	-

AL MAZAYA HOLDING COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2007
(All amounts are in Kuwaiti Dinars)

11. Share premium

This represents cash received in excess of the par value of the shares issued. The share premium is not available for distribution except in cases stipulated by law.

12. Treasury shares

	March 31, 2007	December 31, 2006 (Audited)	March 31. 2006
Number of shares (shares)	19,501,612	13,728,702	8,197,330
Percentage of issued shares (%)	6.17%	4.80%	4.33%
Market value (KD)	10,725,887	9,335,517	4,590,505
Cost (KD)	9,432,338	7,013,148	3,971,519

13. Profit from sale of properties under development

	Three months ended March 31,	
	2007	2006
Revenue from sale	11,282,947	10,093,226
Cost of sale	(5,783,216)	(5,896,849)
	<u>5,499,731</u>	<u>4,196,377</u>

14. Management fees, commission and consultancy income

The Group acts as project manager for certain real estate properties owned by other parties through developing, managing, and selling those properties. The Group charges those parties certain management fees, commission and consultancy income for its services.

15. Net investment loss

	Three months ended March 31,	
	2007	2006
Unrealized gain (loss) from investments at fair value through income statement	39,229	(220,189)
Realized (loss) gain on sale of investments at fair value through income statement	(121,879)	61,204
	<u>(82,650)</u>	<u>(158,985)</u>

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16. Basic and diluted earnings per share

Earnings per share is computed by dividing profit for the period attributable to equity holders of the Parent Company by the weighted average number of shares outstanding during the period.

	Three months ended March 31,	
	2007	2006
Net profit for the period attributable to equity holders of the Parent Company	<u>3,613,652</u>	<u>4,002,483</u>
	<u>Shares</u>	<u>Shares</u>
Weighted average number of issued and fully paid-up shares	315,491,369	189,375,000
Bonus shares	28,717,410	28,717,410
Less: weighted average number of treasury shares	(15,447,823)	(7,472,264)
Weighted average number of shares outstanding	<u>328,760,956</u>	<u>210,620,146</u>
	<u>Fils</u>	<u>Fils</u>
Basic and diluted earnings per share attributable to equity holders of the Parent Company	<u>10.99</u>	<u>19.00</u>

Earnings per share reported for the period ended March 31, 2006 was 21.92 fils before retroactive adjustment relating to the issue of bonus shares.

17. Related party transactions

These represent transactions with related parties i.e. shareholders, directors and executive officers of the Group and entities of which they are principal owners. The Group's management approves pricing policies and terms of these transactions. Significant transactions with Group's related parties included are as follows:

	March 31, 2007	December 31, 2006 (Audited)	March 31. 2006
Balance sheet:			
Properties under development	11,651,320	10,215,927	5,341,038
Accounts receivable and other debit balances	443,773	7,342,323	459,002
Accounts payable and other credit balances	924,128	6,156,006	2,829,839
Term loan	-	830,000	830,000
Wakala payable	8,373,155	6,000,000	6,000,000

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	Three months ended March 31,	
	2006	2005
Statement of income:		
Profit from sale of properties under development	1,058,850	3,414,538
Management fees, commission and consultancy income	273,165	1,063
Finance charges	123,411	147,576
Key management compensation:		
Salaries and other short term benefits	68,389	50,039
Terminal benefits	3,166	1,793
Share base payments	305,339	-

18. General Assembly

The General Assembly held on March 21, 2007 approved the distribution of cash dividend of 50 fils per share and 10 bonus shares for every 100 shares held as of the General Assembly date, for the year ended December 31, 2006.

The General Assembly held on March 22, 2006 approved the distribution of cash dividend of 25 fils per share and 25 bonus shares for every 100 shares held as of the General Assembly date, for the year ended December 31, 2005.

19. Employee stock option plan

The Shareholders' Annual General Assembly held on March 21, 2007 approved a stock option plan for certain employees. Share options totaling 759,000 shares were granted on March 21, 2007 with a weighted average vesting period of zero to two years to be issued out of treasury shares held by the Parent Company or through increase in capital. The options expire if they are not exercised within the period specified in the grant. If an employee leaves the Group before the options vest they are forfeited.

During the period ended March 31, 2007, 455,000 shares have vested. The Parent company is in the process of completing legal procedures relating to the transfer of title of these shares. The Group recognized an expense of KD 305,339 related to equity-settled share-based payment transactions during the period.

20. Fiduciary accounts

The Group manages projects on behalf of others, and maintains cash balances and notes receivable in fiduciary accounts, which are not reflected in the Group's balance sheet. Assets under management at March 31, 2007, amounted to KD Nil (December 31, 2006 – KD Nil and March 31, 2006 – KD 166,887).

21. Capital commitments

The Group has capital commitments in respect of construction of real estate amounting to KD 92,832,228 (December 31, 2006 - KD 64,568,622 and March 31, 2006 – KD 22,233,305).

22. Contingent liabilities

	March 31, 2007	December 31, 2006 (Audited)	March 31, 2006
Letter of guarantee	<u>26,040,950</u>	<u>21,389,400</u>	<u>5,688,000</u>

23. Comparative figures

Certain prior period figures have been reclassified to conform with the current period presentation.