

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

INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED JUNE 30, 2008
(UNAUDITED)
WITH REVIEW REPORT ON INTERIM CONSOLIDATED
FINANCIAL INFORMATION

AL MAZAYA HOLDING COMPANY K.S.C. (CLOSED)
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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 June 30, 2008 and the related interim condensed consolidated statements of income, changes in equity and cash flows for the six 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.

Scope of Review

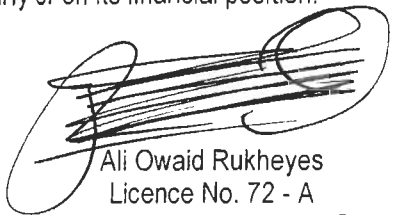
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim consolidated financial information consists of making inquiries, primarily of persons responsible 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

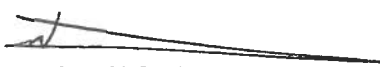
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting'.

Report on other Legal and Regulatory Requirements

Furthermore, the interim consolidated financial information is in agreement with the parent company's 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 June 30, 2008 that might have had a material effect on the business of the Parent Company or on its financial position.



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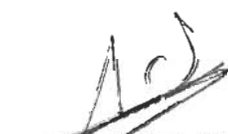
State of Kuwait
July 28, 2008

AL MAZAYA HOLDING COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)
AS OF JUNE 30, 2008

(All amounts are in Kuwaiti Dinars)

		June 30, 2008	December 31, 2007 (Audited)	June 30, 2007
ASSETS				
Cash and cash equivalents	3	76,899,391	27,500,543	20,262,308
Investments at fair value through income statement		11,997,475	17,171,474	28,871,171
Accounts receivable and other debit balances	4	42,828,761	43,268,002	33,758,552
Properties held for trading	5	15,608,624	-	-
Investments available for sale		11,254,595	11,728,068	-
Investment in joint ventures	6	15,270,701	7,016,428	5,737,491
Properties under development	7	177,550,630	122,359,810	89,815,429
Investment properties		13,980,427	25,662,337	25,762,776
Work in progress		9,453,895	8,824,150	1,605,265
Fixed assets		697,707	764,156	615,494
Leasehold land		1,729,713	1,766,002	-
Goodwill	2	2,214,420	1,005,927	1,052,479
		<u>379,486,339</u>	<u>267,066,897</u>	<u>207,480,965</u>
LIABILITIES AND EQUITY				
Liabilities:				
Accounts payable and other credit balances	8	101,673,762	47,728,304	60,018,651
Term loans	9	53,741,758	54,754,329	19,842,354
Wakala and Murabaha payables		8,195,369	10,039,068	7,000,000
Gross amount due to customers for properties under development		1,835,811	-	-
Deferred consideration on acquisition of properties		34,835,375	38,699,426	30,677,114
End of service indemnity		174,233	108,520	93,411
Total liabilities		<u>200,456,308</u>	<u>151,329,647</u>	<u>117,631,530</u>
Equity:				
Capital	10	45,406,980	31,589,150	31,589,150
Share premium		75,714,971	33,234,971	33,234,971
Statutory reserve		7,777,758	7,777,758	4,514,191
Voluntary reserve		7,777,758	7,777,758	4,514,191
Treasury shares reserve		1,561,889	1,359,542	430,966
Employees' share option reserve		-	-	347,024
Cumulative changes in fair value		76,035	-	-
Assets revaluation surplus		934,858	1,038,731	1,038,731
Foreign currency translation adjustments		(2,595,651)	(2,433,513)	(64,530)
Effect of changes in subsidiary's treasury shares		(104,136)	-	-
Effect of changes in subsidiary's equity		57,768	68,900	68,900
Retained earnings		<u>35,051,324</u>	<u>31,715,370</u>	<u>18,277,436</u>
		<u>171,659,554</u>	<u>112,128,667</u>	<u>93,951,030</u>
Treasury shares	11	<u>(2,581,421)</u>	<u>(2,889,821)</u>	<u>(7,525,440)</u>
		<u>169,078,133</u>	<u>109,238,846</u>	<u>86,425,590</u>
Minority interest		9,951,898	6,498,404	3,423,845
Total equity		<u>179,030,031</u>	<u>115,737,250</u>	<u>89,849,435</u>
		<u>379,486,339</u>	<u>267,066,897</u>	<u>207,480,965</u>

The accompanying notes (1) to (20) form 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 JUNE 30, 2008
(All amounts are in Kuwaiti Dinars)

		Three months ended June 30,		Six months ended June 30,	
	Notes	2008	2007	2008	2007
Revenues					
Revenue from sale of properties completed and under development		20,006,168	9,620,237	34,631,487	20,903,184
Revenue from sale of property held for trading	5	16,785,327	-	27,197,897	-
Additional gain from sale of investment property	12	-	-	2,567,950	-
Total revenues		36,791,495	9,620,237	64,397,334	20,903,184
Cost of revenues					
Cost of sale of properties completed and under development		(11,971,684)	(2,519,559)	(20,632,773)	(8,302,775)
Cost of sale of property held for trading	5	(11,342,824)	-	(18,188,717)	-
Total cost of revenues		(23,314,508)	(2,519,559)	(38,821,490)	(8,302,775)
Gross profit		13,476,987	7,100,678	25,575,844	12,600,409
Management fees, commission and consultancy income		3,183,883	328,865	4,045,221	851,958
Net investment income	13	1,719,108	671,118	1,129,960	588,468
Gain on partial disposal of a subsidiary	2	-	-	3,391,755	-
Group's share of results from joint ventures	6	328,725	1,819,219	1,042,178	1,819,219
Marketing expenses		(258,293)	(419,091)	(511,176)	(970,840)
Administrative expenses		(1,474,087)	(625,551)	(2,731,015)	(1,477,997)
Expenses related to equity settled share based payments		(1,073,353)	(41,685)	(1,438,281)	(347,024)
Depreciation and amortization		(92,167)	(28,840)	(172,370)	(48,660)
Expenses on completed projects		(75,351)	(38,267)	(313,076)	(242,872)
Foreign currency exchange gain		416,281	2,339	1,007,086	5,309
Interest income		307,873	113,843	814,762	268,576
Finance charges		(1,200,930)	(468,162)	(2,405,681)	(823,023)
Other income		24,740	3,206	32,994	4,256
Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences, National Labor Support Tax and contribution to Zakat		15,283,416	8,417,672	29,468,201	12,227,779
Contribution to Kuwait Foundation for the Advancement of Sciences		(45,211)	(62,452)	(144,292)	(82,283)
National Labor Support Tax		(398,370)	(207,331)	(661,939)	(300,497)
Contribution to Zakat		(41,486)	-	(145,045)	-
Net profit for the period		14,798,349	8,147,889	28,516,925	11,844,999
Attributable to:					
Equity holders of the Parent Company		12,388,169	8,023,431	25,265,769	11,637,083
Minority interest		2,410,180	124,458	3,251,156	207,916
Net profit for the period		14,798,349	8,147,889	28,516,925	11,844,999
		Fils	Fils	Fils	Fils
Earnings per share attributable to the equity holders of the Parent Company	14	30.65	24.33	65.00	35.11

The accompanying notes (1) to (20) form 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 JUNE 30, 2008
(All amounts are in Kuwaiti Dinars)

	Attributable to equity holders of the Parent Company															
	Capital	Share premium	Statutory reserve	Voluntary reserve	Treasury shares reserve	Employees' share option reserve	Cumulative changes in fair value	Assets revaluation surplus	Foreign currency translation adjustments	Effect of changes in subsidiary's treasury shares	Effect of changes in subsidiary's equity	Retained earnings	Treasury shares	Subtotal	Minority interest	Total
Balance at December 31, 2007	31,589,150	33,234,971	7,777,758	7,777,758	1,359,542	-	-	1,038,731	(2,433,513)	-	-68,900	31,745,970	(2,669,621)	109,238,846	6,498,404	115,737,250
Foreign currency translation adjustments	-	-	-	-	-	-	-	-	(162,138)	-	-	-	-	(162,138)	-	(162,138)
Cumulative changes in fair value	-	-	-	-	-	-	76,035	-	-	-	-	-	-	(162,138)	-	(162,138)
Related to disposal of revalued assets	-	-	-	-	-	-	-	(103,873)	-	-	-	-	-	76,035	-	76,035
Gain on sale of treasury shares	-	-	-	-	202,347	-	-	-	-	-	-	-	-	(103,873)	-	(103,873)
Net income (loss) recognized directly in equity	-	-	-	-	202,347	-	76,035	(103,873)	(162,138)	-	-	-	-	202,347	-	202,347
Net profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	12,371	-	12,371
Total recognized income (loss) for the period	-	-	-	-	202,347	-	76,035	(103,873)	(162,138)	-	-	25,265,769	-	15,205,769	3,251,156	28,516,925
Increase in capital (Note 10)	7,500,000	-	-	-	-	-	-	-	-	-	-	85,266,769	-	29,276,769	3,251,156	28,529,296
Share premium	-	42,480,000	-	-	-	-	-	-	-	-	-	-	-	7,500,000	-	7,500,000
Cash dividends (2007 - 50 fils per share)	-	-	-	-	-	-	-	-	-	-	-	-	-	42,480,000	-	42,480,000
Bonus shares (2007 - 20%)	6,317,830	-	-	-	-	-	-	-	-	-	-	(15,611,985)	-	(15,611,985)	-	(15,611,985)
Effect of changes in subsidiary's equity	-	-	-	-	-	-	-	-	-	-	(11,132)	(6,317,830)	-	(11,132)	-	(11,132)
Effect of changes in subsidiary's treasury shares	-	-	-	-	-	-	-	-	-	(104,136)	-	-	-	(104,136)	-	(104,136)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	(592,146)	(592,146)	-	(592,146)
Sale of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	900,546	900,546	-	900,546
Net movement in minority interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	202,338	202,338
Balance at June 30, 2008	45,406,980	75,714,971	7,777,758	7,777,758	1,561,889	-	76,035	934,858	(2,595,651)	(104,136)	57,768	35,051,324	(2,569,424)	168,004,500	9,051,898	177,056,398
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 adjustments	-	-	-	-	-	-	-	-	(64,530)	-	-	-	-	(64,530)	-	(64,530)
Gain on sale of treasury shares	-	-	-	-	333,708	-	-	-	-	-	-	-	-	333,708	-	333,708
Net income (loss) recognized directly in equity	-	-	-	-	333,708	-	-	-	(64,530)	-	-	-	-	333,708	-	333,708
Net profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	269,176	-	269,176
Total recognized income (loss) for the period	-	-	-	-	333,708	-	-	-	(64,530)	-	-	11,637,083	-	11,637,083	207,916	11,844,999
Increase in capital	116,167	-	-	-	-	-	-	-	-	-	-	11,637,083	-	11,943,250	207,916	12,151,166
Share premium	-	476,283	-	-	-	-	-	-	-	-	-	-	-	116,167	-	116,167
Cash dividends (2006 - 50 fils per share)	-	-	-	-	-	-	-	-	-	-	-	-	-	476,283	-	476,283
Bonus shares (2006 - 10%)	2,871,741	-	-	-	-	-	-	-	-	-	-	(13,778,781)	-	(13,778,781)	-	(13,778,781)
Effect of changes in subsidiary's equity	-	-	-	-	-	-	-	-	-	-	-	(2,871,741)	-	-	-	-
Employees' share option reserve	-	-	-	-	-	347,024	-	-	-	-	68,900	-	-	68,900	-	68,900
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	347,024	-	347,024
Sale of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	(3,408,241)	(3,408,241)	-	(3,408,241)
Net movement in minority interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,895,949	2,895,949
Balance at June 30, 2007	31,589,150	33,234,971	4,514,191	4,514,191	430,966	347,024	-	1,038,731	(64,530)	-	68,900	18,277,436	(7,525,440)	86,425,590	3,423,645	89,849,235

The accompanying notes (1) to (29) form 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 JUNE 30, 2008
(All amounts are in Kuwaiti Dinars)

	Six months ended June 30,	
	2008	2007
Cash flows from operating activities:		
Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences, National Labour Support Tax and contribution to Zakat	29,468,201	12,227,779
Adjustments for:		
Net investment income	(1,129,960)	(588,468)
Gain on partial disposal of a subsidiary	(3,391,755)	-
Group's share of results from joint ventures	(1,042,178)	(1,819,219)
Expenses related to equity settled share based payments	1,438,281	347,024
Depreciation and amortization	172,370	48,660
Foreign currency exchange gain	(1,007,086)	(5,309)
Interest income	(814,762)	(268,576)
Finance charges	2,405,681	823,023
Provision for end of service indemnity	69,879	56,049
	26,168,671	10,820,963
Changes in operating assets and liabilities:		
Accounts receivable and other debit balances	6,319,360	(10,078,564)
Properties held for trading	(5,861,298)	-
Properties under development	(59,508,925)	(12,836,459)
Work in progress	(629,745)	(443,722)
Accounts payable and other credit balances	56,850,529	28,174,316
Gross amount due to customers for properties under development	1,864,012	-
Deferred consideration on acquisition of properties	(3,491,885)	(2,744,732)
	21,710,719	12,891,802
Paid to Kuwait Foundation for the Advancement of Sciences	(249,078)	(216,197)
Paid to National Labour Support Tax	(691,883)	(610,185)
Paid to Zakat	(17,556)	-
End of service indemnity paid	(3,109)	(17,096)
Net cash generated from operating activities	20,749,093	12,048,324
Cash flows from investing activities:		
Purchase of investments at fair value through income statement	(7,627,025)	(9,838,465)
Proceeds from sale of investments at fair value through income statement	9,500,966	2,974,368
Purchase of investments available for sale	(562,918)	-
Proceeds from sale of investments available for sale	1,146,856	-
Proceeds from partial disposal of subsidiary	4,964,916	-
Increase in investment in joint ventures	(7,437,414)	(3,918,271)
Net movement of investment properties	(1,195,990)	172,505
Interest income received	810,446	223,760
Dividend income received	333,962	574,638
Purchase of fixed assets	(82,912)	(389,250)
Net cash used in investing activities	(149,113)	(10,200,715)

AL MAZAYA HOLDING COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) (CONTD.)
FOR THE PERIOD ENDED JUNE 30, 2008
(All amounts are in Kuwaiti Dinars)

	Six months ended June 30,	
	2008	2007
Cash flows from financing activities:		
Increase in capital	49,980,000	-
Movement in term loans	(241,268)	14,977,754
Paid for purchase of treasury shares	(592,146)	(3,408,241)
Cash dividends paid	(15,456,055)	(12,731,250)
Finance charges paid	(2,529,381)	(724,593)
Movement in Wakala and Murabaha payables	(1,599,015)	965,400
Proceeds from sale of treasury shares	275,724	3,229,657
Paid to minority	(1,065,883)	(1,250)
Movement in equity of a subsidiary	(115,268)	68,900
Net cash generated from financing activities	28,656,708	2,376,377
Net increase in cash and cash equivalents	49,256,688	4,223,986
Foreign currency translation adjustments	528,640	(64,530)
Cash balance related to movement in equity holding in a subsidiary	(386,480)	6,350
Cash and cash equivalents at the beginning of the period	27,500,543	16,096,502
Cash and cash equivalents at the end of the period (Note 3)	76,899,391	20,262,308

The accompanying notes (1) to (20) form 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)
JUNE 30, 2008

(All amounts are in Kuwaiti Dinars)

1. Incorporation 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 thereto.

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

These interim consolidated financial information were approved for issue by the Board of Directors on July 28, 2008.

2. Basis of preparation

These interim consolidated financial information have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The accounting policies used in the preparation of the interim consolidated financial information for the period are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2007.

The interim consolidated financial information do not include all of the information and footnotes required for complete consolidated 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 June 30, 2008 are not necessarily indicative of the results that may be expected for the year ending December 31, 2008. For further information, refer to the consolidated financial statements and notes thereto for the year ended December 31, 2007.

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		
		June 30, 2008 %	December 31, 2007 % (Audited)	June 30, 2007 %
Al Mazaya Real Estate Development Company – K.S.C. (Closed)	Kuwait	100	100	100
Al Mazaya Real Estate FZ/LLC and its subsidiaries:	U.A.E	100	100	100
Al Dana Real Estate Limited	U.A.E	100	100	100
Al Rayhan Real Estate Limited	U.A.E	100	100	100
Advantage General Trading Co. W.L.L.	U.A.E	100	100	-
Al Mazaya Al Khalijia for General Trading and Contracting – Khalid S. Esbaitah and Partners – W.L.L.	Kuwait	100	100	100
Al Mazaya Arabian Real Estate Company – Khalid S. Esbaitah and Partners – W.L.L.	Kuwait	100	100	100
Al Mazaya International for Projects Management Company – Khalid S. Esbaitah and Partners – W.L.L.	Kuwait	100	100	100
Mazaya Lebanon Company - S.A.L. (Holding) and its subsidiary:	Lebanon	100	100	100
Mazaya Lamartien – S.A.L.	Lebanon	100	100	100
Seven Zones Real Estate Company K.S.C.C	Kuwait	100	-	-
First Dubai Real Estate Development Company - K.S.C. (Closed)	Kuwait	77.85	81.78	91.73

AL MAZAYA HOLDING COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
JUNE 30, 2008

(All amounts are in Kuwaiti Dinars)

During the period, the Parent Company acquired additional 0.93% interest in the equity of First Dubai Real Estate Development Company - K.S.C. (Closed) for an amount of KD 132,961. The goodwill movement resulting from the additional acquisition of this subsidiary is as follows:

	June 30, 2008
Beginning balance	1,005,927
Consideration paid during the period	1,598,700
Less: The group's share of fair value of identifiable assets and liabilities at the date of the acquisition	(330,479)
Net goodwill related to additions	2,274,148
Related to disposals	(59,728)
	<u>2,214,420</u>

Also, the Parent Company sold a portion of its interest in the equity of First Dubai Real Estate Development Company – K.S.C. (Closed) representing 4.86% resulting in a gain of KD 3,391,755. The decrease in the goodwill related to the sale transaction amounted to KD 59,728.

As of June 30, 2008, the balances in the interim consolidated financial information of the Group include the following assets and revenues of Seven Zones Real Estate Company K.S.C.C. while the comparative figures for the year ended December 31, 2007 and the period ended June 30, 2007 do not include such information:

	Amount
<u>Balance sheet:</u>	
Accounts receivable and other debit balances	705,328
Investment in joint venture	7,409,901
Accounts payable and other credit balances	1,835,253
<u>Income statement:</u>	
Management, commission and consultancy income	283,270
Share of results from joint venture	(27,513)

3. Cash and cash equivalents

	June 30, 2008	December 31, 2007 (Audited)	June 30, 2007
Cash and bank balances	30,426,332	10,216,087	4,599,232
Short term bank deposits	46,383,216	11,500,000	15,379,388
Cash in investment portfolios	89,843	5,784,456	283,688
	<u>76,899,391</u>	<u>27,500,543</u>	<u>20,262,308</u>

Short term bank deposits earn an average interest rate of 5.33 % (December 31, 2007 - 7.08 % and June 30, 2007 – 7.5 %) per annum.

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4. Accounts receivable and other debit balances

	June 30, 2008	December 31, 2007 (Audited)	June 30, 2007
Trade receivables	25,722,271	25,060,707	27,506,227
Advance payments	8,038,382	9,450,941	4,161,834
Due from related parties	1,763,007	7,770,607	1,706,628
Other receivables	7,305,101	985,747	383,863
	<u>42,828,761</u>	<u>43,268,002</u>	<u>33,758,552</u>

Other receivables include an amount of KD 4,163,301 resulting from sale of certain investments at fair value through income statement.

5. Properties held for trading

	June 30, 2008
Additions	20,122,725
Transfer from investment properties	13,691,788
Transfer from properties under development	218,839
Disposals	(18,188,717)
Foreign currency translation adjustments	(236,011)
Balance at the end of the period	<u>15,608,624</u>

6. Investment in joint ventures

	June 30, 2008	December 31, 2007 (Audited)	June 30, 2007
Balance at the beginning of the period / year	7,016,428	1	1
Additions	7,437,414	3,726,877	3,929,649
Group's share of results from joint ventures	1,042,178	3,398,690	1,819,219
Foreign currency translation adjustments	(225,319)	(109,140)	(11,378)
Balance at the end of the period / year	<u>15,270,701</u>	<u>7,016,428</u>	<u>5,737,491</u>

During the period, the Group invested an amount of KD 7,437,414 in the new joint venture Seven Zone Kuwait, the Group's share of loss from the joint venture is amounting to KD 27,513 for the period ended June 30, 2008.

7. Properties under development

	June 30, 2008	December 31, 2007 (Audited)	June 30, 2007
Cost incurred to date	233,724,036	201,611,808	127,124,166
Recognized profit	27,406,350	15,612,024	8,389,694
Transfer from work in progress	-	6,780,670	-
Transfer to properties held for trading	(218,839)	-	-
Less: Progress billings	<u>(83,360,917)</u>	<u>(101,644,692)</u>	<u>(45,698,431)</u>
	<u>177,550,630</u>	<u>122,359,810</u>	<u>89,815,429</u>

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8. Accounts payable and other credit balances

	June 30, 2008	December 31, 2007 (Audited)	June 30, 2007
Trade payables	63,978,925	29,085,787	41,998,300
Advances received from customers	21,280,483	9,712,251	8,456,792
Due to related parties	2,928,150	4,336,830	1,212,572
Dividends payable	828,648	672,718	1,652,740
Other payables and accrued expenses	12,657,556	3,920,718	6,698,247
	<u>101,673,762</u>	<u>47,728,304</u>	<u>60,018,651</u>

9. Term loans

Term loans carry interest rates ranging from 7% to 8% (December 31, 2007 – ranging from 7.02 % to 8.5 % and June 30, 2007 – ranging from 7.5 % to 8.5 %) per annum.

10. Capital

General Assembly held on March 31, 2008 has approved the increase of capital for strategic investors amounting to 75,000,000 shares with a par value of 100 Fils each and a share premium of 566.4 Fils. During the period ended June 30, 2008, those strategic investors subscribed in the newly issued shares.

Accordingly, the issued and paid up capital consists of 454,069,800 shares (December 31, 2007 – 315,891,500, June 30, 2007 – 315,891,500).

11. Treasury shares

	June 30, 2008	December 31, 2007 (Audited)	June 30, 2007
Number of shares (shares)	5,087,154	5,228,695	15,351,402
Percentage of issued shares (%)	1.12%	1.66%	4.9%
Market value (KD)	4,680,181	3,450,938	8,570,299
Cost (KD)	2,581,421	2,889,821	7,525,440

12. Additional gain from sale of investment property

During the period ended June 30, 2008, there was a delay in a settlement payment relating to sale of investment property that occurred in 2007. This resulted in increase in the selling price amounting to KD 2,567,950, the increase was accounted in the interim condensed consolidated income statement as an additional gain from sale of investment property.

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13. Net investment income

	Three months ended June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Unrealized gain (loss) from changes in fair value of investments at fair value through income statement	2,179,368	(32,315)	1,629,962	6,914
Realized (loss) gain on sale of investments at fair value through income statement	(742,768)	128,795	(872,668)	6,916
Realized gain on sale of investments available for sale	1,106	-	38,704	-
Dividend income	281,402	574,638	333,962	574,638
	<u>1,719,108</u>	<u>671,118</u>	<u>1,129,960</u>	<u>588,468</u>

14. Earnings per share

Earnings per share is computed by dividing net 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 June 30,		Six months ended June 30,	
	2008	2007	2008	2007
Net profit for the period attributable to equity holders of the Parent Company	<u>12,388,169</u>	<u>8,023,431</u>	<u>25,265,769</u>	<u>11,637,083</u>
	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>
Weighted average number of issued and fully paid-up shares	345,949,677	287,174,090	330,920,589	286,975,130
Bonus shares for 2007	63,178,300	63,178,300	63,178,300	63,178,300
Less: weighted average number of treasury shares	(4,889,791)	(20,592,268)	(5,418,780)	(18,740,210)
Weighted average number of shares outstanding	<u>404,238,186</u>	<u>329,760,122</u>	<u>388,680,109</u>	<u>331,413,220</u>
	<u>Fils</u>	<u>Fils</u>	<u>Fils</u>	<u>Fils</u>
Earnings per share attributable to equity holders of the Parent Company	<u>30.65</u>	<u>24.33</u>	<u>65.00</u>	<u>35.11</u>

Earnings per share reported for three and six months ended June 30, 2007 were 26.86 and 38.78 fils respectively before retroactive adjustment relating to issue of bonus shares for the year 2007.

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15. Related party transactions

The Group has entered into various transactions with related parties, i.e. shareholders, key management personnel and other related parties in the normal course of its business concerning financing and other related services. Prices and terms of payment are approved by the Group's management. Significant related party balances and transactions are as follows:

	Key management personnel	Major shareholders	Joint ventures	Other related parties	June 30, 2008	December 31, 2007 (Audited)	June 30, 2007
Balances included in the consolidated balance sheet							
Cash and cash equivalents	-	89,843	-	-	89,843	5,784,456	283,688
Accounts receivable and other debit balances	-	-	839,020	923,987	1,763,007	7,770,607	1,706,628
Properties under development	-	-	-	-	-	-	12,761,861
Accounts payable and other credit balances	-	-	2,846,330	81,820	2,928,150	4,336,830	1,212,572
Wakala and Murabaha payables	-	8,195,369	-	-	8,195,369	10,039,068	7,000,000
Transactions included in the consolidated income statement							
Revenue from sale of properties completed and under development	-	-	-	-	-	-	850,620
Management, commission and consultancy fees	-	121,500	283,270	132,170	536,940	984,380	646,662
Finance charges	-	220,314	-	-	220,314	551,029	543,397
Key management compensation:							
Salaries and other short term benefits					283,975	805,849	181,018
Terminal benefits					21,778	21,260	12,212
					<u>305,753</u>	<u>827,109</u>	<u>193,230</u>

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

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16. General Assembly

The General Assembly held on March 31, 2008 approved the distribution of cash dividends of 50 fils per share and 20 bonus shares for every 100 shares held as of the General Assembly date, for the year ended December 31, 2007. Also, the General Assembly had approved the increase in capital by 75,000,000 shares at 100 fils par value and 766 fils share premium or the equivalent after the distribution of cash dividends and bonus shares.

The General Assembly held on March 21, 2007 approved the distribution of cash dividends 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.

17. 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 interim consolidated financial information. Assets under management at June 30, 2008, amounted to KD 2,754,632 (December 31, 2007 – KD 2,832,792 and June 30, 2007 – KD 9,371,330).

18. Segment information

For management purposes, the Group is divided into three geographical segments, which are: State of Kuwait, United Arab Emirates and Lebanon, where the Group performs its main activities in the real estate segment. Accordingly, the Group has no secondary segment. There are no income generating transactions between the Group's segments.

19. Contingent liabilities and commitments

	June 30, 2008	December 31, 2007 (Audited)	June 30, 2007
Letters of guarantee	38,280,485	24,944,145	25,643,145
Capital commitments	73,558,373	57,538,953	-
	<u>111,838,858</u>	<u>82,483,098</u>	<u>25,643,145</u>

20. Comparative figures

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