

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

**INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED SEPTEMBER 30, 2009
(UNAUDITED)
WITH**

REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION

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

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Report on review of interim consolidated financial information

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REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Mazaya Holding Company K.S.C. (Holding) (the Parent Company) and its subsidiaries (the Group) as of September 30, 2009 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the nine 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.

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 September 30, 2009 that might have had a material effect on the business of the Group or on its financial position.

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AL MAZAYA HOLDING COMPANY K.S.C. (HOLDING) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS OF SEPTEMBER 30, 2009
(All amounts are in Kuwaiti Dinars)

		September 30, 2009	December 31, 2008 (Audited)	September 30, 2008 (Restated)
ASSETS				
Cash and cash equivalents	Note 3	36,852,662	48,756,857	55,773,710
Investments at fair value through income statement		-	1,335	2,240,835
Accounts receivable and other debit balances	4	31,412,700	25,845,689	28,118,417
Properties held for trading	5	70,159,590	81,504,695	20,940,369
Investments available for sale	6	31,119,685	24,248,220	44,265,617
Investment in an associate		3,055,022	2,405,889	-
Investment in an unconsolidated subsidiary		413,500	268,400	-
Investment in joint ventures		11,728,624	11,733,949	12,602,263
Properties under development	7	148,210,673	132,921,184	236,138,677
Investment properties	8	9,380,400	-	14,022,399
Work in progress	9	23,448,682	11,574,714	28,885,439
Fixed assets		549,342	662,695	675,183
Leasehold land		1,638,592	1,693,025	1,711,369
Goodwill		3,091,732	3,259,607	19,387,087
Total assets		371,061,204	344,876,259	464,761,365
LIABILITIES AND EQUITY				
Liabilities:				
Bank overdraft		4,998,485	5,093,743	-
Accounts payable and other credit balances	10	110,945,065	99,045,662	162,067,199
Term loans		44,970,000	44,970,000	42,158,619
Wakala and Murabaha payables		5,000,000	6,070,000	3,146,330
Deferred consideration on acquisition of properties		31,797,243	34,007,819	34,533,868
End of service indemnity		260,188	210,357	195,781
Total liabilities		197,970,981	189,397,581	242,101,797
Equity:				
Share capital	11	49,947,675	45,406,980	45,406,980
Share premium		75,714,971	75,714,971	75,714,971
Statutory reserve		9,131,420	9,131,420	7,777,758
Voluntary reserve		9,131,420	9,131,420	7,777,758
Treasury shares reserve		701,077	1,561,889	1,561,889
Cumulative changes in fair value		144,511	68,567	122,648
Assets revaluation surplus		519,366	623,239	623,239
Foreign currency translation adjustments		1,786,105	(807,542)	(2,585,431)
Effect of changes in subsidiary's treasury shares		(671,823)	(457,645)	(457,645)
Effect of changes in subsidiary's equity		57,768	57,768	50,671
Retained earnings		10,124,995	4,638,767	44,465,139
		156,587,485	145,069,834	180,457,977
Treasury shares	12	(27,189,284)	(28,049,447)	(16,918,480)
Equity attributable to equity holders of the Parent Company		129,398,201	117,020,387	163,539,497
Non-controlling interests		43,692,022	38,458,291	59,120,071
Total equity		173,090,223	155,478,678	222,659,568
Total liabilities and equity		371,061,204	344,876,259	464,761,365

The accompanying notes (1) to (22) form an integral part of the interim consolidated financial information

Rashid Y. Al-Nafisi
Chairman



AL MAZAYA HOLDING COMPANY K.S.C. (HOLDING) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2009
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2009	2008 (Restated)	2009	2008 (Restated)
Revenues					
Revenue from sale of properties under development	13	1,599,836	24,453,336	14,207,654	52,637,030
Revenue from sale of properties held for trading	14	790,000	328,869	36,454,390	27,526,766
Revenue from sale of investment properties		-	6,563	-	2,574,513
Total revenues		<u>2,389,836</u>	<u>24,788,768</u>	<u>50,662,044</u>	<u>82,738,309</u>
Cost of revenues					
Cost of sale of properties under development	13	(332,873)	(6,851,227)	(9,996,368)	(21,541,004)
Cost of sale of properties held for trading	14	(795,873)	(280,317)	(31,767,724)	(18,469,034)
Total cost of revenues		<u>(1,128,746)</u>	<u>(7,131,544)</u>	<u>(41,764,092)</u>	<u>(40,010,038)</u>
Gross profit		1,261,090	17,657,224	8,897,952	42,728,271
Management fees, commission and consultancy income		135,972	508,649	1,034,342	4,553,870
Net investment (loss) income		(283,218)	344,466	(264,405)	1,474,426
Gain (loss) on partial disposal of a subsidiary		-	1,056,868	(568,002)	4,448,623
Group's share of results from joint ventures		(95,560)	(52,639)	(287,401)	713,579
Gain on waiver of capital subscription	15	-	20,775,112	7,308,045	20,775,112
Dilution loss		-	(2,609,170)	-	(2,609,170)
Marketing expenses		(56,354)	(315,546)	(175,717)	(826,722)
Administrative expenses		(628,383)	(2,904,254)	(2,362,895)	(5,635,270)
Expenses related to equity settled share based payments		(30,636)	(840,478)	(91,907)	(2,278,759)
Depreciation and amortization		(92,551)	(71,235)	(286,084)	(243,605)
Expenses on completed projects		(19,227)	(37,514)	(33,847)	(350,590)
Foreign currency exchange gain		86,203	193,154	4,940	1,200,240
Other income (loss)		84,756	(943)	660,312	32,052
Interest income		260,255	156,722	610,371	971,484
Finance charges		(620,161)	(382,029)	(1,879,730)	(2,787,710)
Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences, National Labor Support Tax and contribution to Zakat		2,186	33,478,387	12,565,974	62,165,831
Contribution to Kuwait Foundation for the Advancement of Sciences		-	(134,422)	(50,171)	(278,714)
National Labor Support Tax		-	(710,030)	(143,665)	(1,371,969)
Contribution to Zakat		-	(125,871)	(58,239)	(270,916)
Net profit for the period		<u>2,186</u>	<u>32,508,064</u>	<u>12,313,899</u>	<u>60,244,232</u>
Attributable to:					
Equity holders of the Parent Company		138,975	25,680,184	10,026,923	50,165,196
Non-controlling interests		(136,789)	6,827,880	2,286,976	10,079,036
Net profit for the period		<u>2,186</u>	<u>32,508,064</u>	<u>12,313,899</u>	<u>60,244,232</u>
Earnings per share attributable to equity holders of the Parent Company	16	<u>0.31</u>	<u>53.02</u>	<u>22.26</u>	<u>112.09</u>

The accompanying notes (1) to (22) form an integral part of the interim consolidated financial information

AL MAZAYA HOLDING COMPANY K.S.C. (HOLDING) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2009
(All amounts are in Kuwaiti Dinars)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2009	2008 (Restated)	2009	2008 (Restated)
Net profit for the period		2,186	32,508,064	12,313,899	60,244,232
Other comprehensive income:					
Exchange differences on translating foreign operations		(380,270)	10,220	2,593,647	(151,918)
Investments available for sale	6	131,478	46,613	186,390	122,648
Assets revaluation surplus		-	(311,619)	(103,873)	(415,492)
Other comprehensive (loss) income for the period		(248,792)	(254,786)	2,676,164	(444,762)
Total comprehensive (loss) income for the period		(246,606)	32,253,278	14,990,063	59,799,470
Attributable to:					
Equity holders of the Parent Company		(245,053)	25,540,663	12,592,641	49,720,434
Non-controlling interests		(1,553)	6,712,615	2,397,422	10,079,036
Total comprehensive (loss) income for the period		(246,606)	32,253,278	14,990,063	59,799,470

The accompanying notes (1) to (22) form an integral part of the interim consolidated financial information

(All amounts are in Kuwaiti Dinars)

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AL MAZAYA HOLDING COMPANY K.S.C. (HOLDING) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2009

(All amounts are in Kuwaiti Dinars)

	Nine months ended September 30,	
	2009	2008 (Restated)
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	12,565,974	62,165,831
Adjustments for:		
Net investment loss (income)	264,405	(1,474,426)
Loss (gain) on partial disposal of a subsidiary	568,002	(4,448,623)
Group's share of results from joint ventures	287,401	(713,579)
Gain on waiver of capital subscription	(7,308,045)	(20,775,112)
Dilution loss	-	2,609,170
Expenses related to equity settled share based payments	91,907	2,278,759
Depreciation and amortization	286,084	243,605
Foreign currency exchange gain	(4,940)	(1,200,240)
Interest income	(610,371)	(971,484)
Finance charges	1,879,730	2,787,710
Provision for end of service indemnity	83,660	96,274
	<u>8,103,807</u>	<u>40,597,885</u>
Changes in operating assets and liabilities:		
Paid for purchase of investments at fair value through income statement	-	(13,352,984)
Proceeds from sale of investments at fair value through income statement	1,258	29,216,111
Accounts receivable and other debit balances	2,621,002	6,778,006
Properties held for trading	18,010,643	(7,027,213)
Paid for purchase of investments available for sale	(40,779,714)	(22,397,671)
Proceeds from sale of investments available for sale	34,158,614	1,144,838
Properties under development	(12,428,288)	(43,226,310)
Work in Progress	(11,873,968)	(2,839,595)
Accounts payable and other credit balances	2,727,220	46,408,903
Gross amount due to customers for properties under development	-	3,965,007
Deferred consideration on acquisition of properties	(2,210,576)	(4,629,011)
	<u>(1,670,002)</u>	<u>34,637,966</u>
Paid to Kuwait Foundation for Advancement of Sciences	-	(249,078)
National Labor Support Tax paid	-	(691,883)
Zakat paid	-	(17,556)
End of service indemnity paid	(33,829)	(8,305)
Net cash (used in) generated from operating activities	<u>(1,703,831)</u>	<u>33,671,144</u>
Cash flows from investing activities:		
Proceeds from partial disposal of a subsidiary	3,239,441	4,886,033
Paid for investment in an unconsolidated subsidiary	(145,100)	-
Investment in joint ventures	18,807	(7,763,219)
Proceeds from sale of waiver of capital subscription	-	20,775,112
Net movement in investment properties	(9,380,400)	(1,195,990)
Interest income received	271,245	967,518
Dividend income received	715	345,964
Paid against increase in equity holding of a subsidiary	(546,220)	(55,472,839)
Net movement in fixed assets	(118,297)	(109,953)
Net cash used in investing activities	<u>(6,659,809)</u>	<u>(37,567,374)</u>

AL MAZAYA HOLDING COMPANY K.S.C. (HOLDING) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) CONTD.
FOR THE PERIOD ENDED SEPTEMBER 30, 2009

(All amounts are in Kuwaiti Dinars)

	Nine months ended September 30,	
	2009	2008 (Restated)
Cash flows from financing activities:		
Bank overdraft	(95,258)	-
Term loans	-	(12,424,030)
Wakala and Murabaha payables	(1,070,000)	(6,838,275)
Finance charges paid	(2,337,482)	(2,873,388)
Cash dividends paid	-	(15,523,980)
Increase in share capital	-	49,980,000
Purchase of treasury shares	(848,642)	(14,929,205)
Purchase of subsidiary's treasury shares	(214,178)	(475,874)
Proceeds from sale of treasury shares	847,993	1,102,893
Movement in equity of subsidiary	-	(18,229)
Movement in non-controlling interests	(146,593)	27,496,848
Net cash (used in) generated from financing activities	(3,864,160)	25,496,760
Net (decrease) increase in cash and cash equivalents	(12,227,800)	21,600,530
Cash balance related to movement in equity holding in a subsidiary	-	(86,024)
Foreign currency translation adjustments	323,605	6,758,661
Cash and cash equivalents at the beginning of the period	48,756,857	27,500,543
Cash and cash equivalents at the end of the period (Note 3)	36,852,662	55,773,710

The accompanying notes (1) to (22) form an integral part of the interim consolidated financial information

AL MAZAYA HOLDING COMPANY K.S.C. (HOLDING) AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
SEPTEMBER 30, 2009

(All amounts are in Kuwaiti Dinars)

1. Incorporation and activities

Al Mazaya Holding Company - K.S.C. (Holding) 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 November 10, 2009.

2. Basis of presentation

The interim 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 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, 2008 except for the changes due to implementation of certain amendments to the following International Financial Reporting Standards:

IAS 1 "Presentation of Financial Statements" (Revised)

Effective January 1, 2009, The Group has applied IAS 1 (Revised), which has impacted the presentation of interim consolidated financial information to enhance the usefulness of the information presented. The revised Standard has introduced a number of terminology changes (including revised titles for the interim consolidated financial information) and has resulted in a number of changes in presentation and disclosure. The revised IAS 1 has introduced a new interim condensed consolidated statement of comprehensive income, wherein all changes in equity arising from transactions other than with shareholders in their capacity as shareholders should be presented. Accordingly only changes in equity arising from transactions with shareholders in their capacity as shareholders are permitted to be presented in the interim consolidated statement of changes in equity.

IFRS 8 "Operating Segments"

Effective January 1, 2009, The Group has applied IFRS 8, which requires disclosure of information to evaluate the nature and financial effects of the business activities in which it engages and the economic environments in which it operates. Accordingly, operating segments should be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

IAS 23 "Borrowing Cost" (Revised)

Effective January 1, 2009, The Group has applied IAS 23 (Revised), which requires a Group to capitalize borrowing costs attributable to the acquisition, construction or production of a qualifying asset as a part of the cost of that asset and removing an option of expensing these borrowing costs in the interim condensed consolidated statement of income.

IFRIC 15 – Agreement for the Construction of Real Estate

During 2008, The Group had adopted early application of IFRIC 15 – Agreements for the construction of Real Estate. This change in accounting policy had been accounted for retrospectively as per IAS 8. This had resulted in decreasing the balance of retained earnings as of December 31, 2007 by KD 15,485,612, decreasing the non-controlling interests by an amount of KD 926,720, decreasing the properties under development by KD 14,034,196 (Note 7), decreasing the investment in joint venture by KD 2,703,940 and decreasing the net profit for the period ended September 30, 2008 by KD 2,869,122.

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

The application of IFRIC 15 gives the guidance for accounting of revenue and associated expenses regarding construction of real estate and whether the agreement is within the scope of IAS 11 – Construction Contract or IAS 18 - Revenue. An agreement for the construction of real estate meets the definition of a construction contract where the buyer is able to specify the major structural elements of the design of the real estate before construction begins and or specify major structural changes once construction is in progress and in that case IAS 11 – Construction Contract applies.

In case of agreement for construction of real estate in which buyers have only limited ability to influence the design of the real estate, it is within the scope of IAS 18 - Revenue.

The interim 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 September 30, 2009 are not necessarily indicative of the results that may be expected for the year ending December 31, 2009. For further information, refer to the consolidated financial statements and notes thereto for the year ended December 31, 2008.

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

Subsidiaries	Country of incorporation	Ownership percentage %		
		September 30, 2009	December 31, 2008 (Audited)	September 30, 2008
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	100
Spectrum Facilities Management – W.L.L.	U.A.E	100	-	-
Al Mazaya Al Khalijia for General Trading and Contracting – Khalid S. Esbailah and Partners – W.L.L.	Kuwait	100	100	100
Al Mazaya Arabian Real Estate Company – Khalid S. Esbailah and Partners – W.L.L.	Kuwait	100	100	100
Al Mazaya International for Projects Management Company – Khalid S. Esbailah 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. (Closed)	Kuwait	100	100	100
First Dubai Real Estate Development Company - K.S.C. (Closed) and its subsidiary:	Kuwait	63.98	66.88	66.57
Future International Project Management – W.L.L. and its subsidiary:	Kuwait	85.16	85.16	77.89
Waterfront Real Estate Company K.S.C. (Closed)	Kuwait	91.97	91.97	91.97

AL MAZAYA HOLDING COMPANY K.S.C. (HOLDING) AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
SEPTEMBER 30, 2009

(All amounts are in Kuwaiti Dinars)

3. Cash and cash equivalents

	September 30, 2009	December 31, 2008 (Audited)	September 30, 2008
Cash on hands and at banks	22,459,087	39,772,935	34,703,184
Short term bank deposits	14,392,889	8,982,942	20,999,850
Cash in investment portfolios (Note 17)	686	980	70,676
	36,852,662	48,756,857	55,773,710

Short term bank deposits earn a weighted average interest rate of 2.5% (December 31, 2008 - 6%, September 30, 2008 - 6.5%) per annum and have an average maturity of 44 days.

Cash on hand and at banks include an amount of KD 20,615,429 (December 31, 2008 - KD 26,309,343, September 30, 2008 - KD 22,642,047) representing restricted cash to be used only against construction work.

4. Accounts receivable and other debit balances

	September 30, 2009	December 31, 2008 (Audited)	September 30, 2008
Trade receivables	5,880,948	4,495,833	3,888,063
Advance payments	8,764,693	12,697,186	8,912,908
Advances for capital subscription	7,163,163	14,534,904	-
Murabaha receivable	3,723,456	-	6,139,808
Due from related parties (Note 17)	5,487,936	3,568,657	5,485,328
Prepayments	5,265,735	4,887,302	-
Staff receivables	1,264,669	1,249,176	1,253,158
Other receivables	1,025,263	758,935	2,439,152
	38,575,863	42,191,993	28,118,417
Provision for doubtful accounts	(7,163,163)	(16,346,304)	-
	31,412,700	25,845,689	28,118,417

The movement in the provision for doubtful accounts is as follows:

	September 30, 2009
Balance at the beginning of the period	16,346,304
Reversed during the period	(555,749)
Written off	(1,319,347)
Gain on waiver of capital subscription (Note 15)	(7,308,045)
Balance at the end of the period	7,163,163

AL MAZAYA HOLDING COMPANY K.S.C. (HOLDING) AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
SEPTEMBER 30, 2009

(All amounts are in Kuwaiti Dinars)

5. Properties held for trading

The movement during the period / year is as follows:

	September 30, 2009	December 31, 2008 (Audited)	September 30, 2008
Balance at the beginning of the period / year	81,504,695	-	-
Additions	21,803,929	24,314,915	25,496,248
Transferred from investment properties	34,230	22,012,213	13,691,787
Transferred (to) / from properties under development (Note 7)	(2,786,463)	52,474,393	484,079
Transferred from work in progress (Note 9)	-	891,891	-
Disposals	(31,767,724)	(18,188,717)	(18,469,034)
Foreign currency translation adjustments	1,370,923	-	(262,711)
Balance at the end of the period / year	<u>70,159,590</u>	<u>81,504,695</u>	<u>20,940,369</u>

6. Investments available for sale

The movement during the period / year is as follows:

	September 30, 2009	December 31, 2008 (Audited)	September 30, 2008
Balance at the beginning of the period / year	24,248,220	11,728,068	11,728,068
Additions	40,779,714	81,763,044	22,397,671
Additions relating to newly consolidated subsidiary	-	-	11,128,931
Disposals	(34,094,639)	(59,482,048)	(1,108,150)
Reclassified from investments at fair value through income	-	845,875	-
Transferred to investment in an associate	-	(3,813,810)	-
Changes in fair value	186,390	68,567	122,648
Foreign currency translation adjustments	-	-	(3,551)
Impairment loss	-	(6,861,476)	-
Balance at the end of the period / year	<u>31,119,685</u>	<u>24,248,220</u>	<u>44,265,617</u>

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7. Properties under development

The movement during the period / year is as follows:

	September 30, 2009	December 31, 2008 (Audited)	September 30, 2008 (Restated)
Balance at the beginning of the period / year	132,921,184	120,650,881	134,685,077
Effect of application of IFRIC 15 (Note 2)	-	-	(14,034,196)
Adjusted balance at the beginning of the period / year	132,921,184	120,650,881	120,650,881
Additions	19,059,306	126,426,713	113,522,314
Disposals	(9,996,368)	(81,903,536)	(21,541,004)
Related to acquisition of a newly consolidated subsidiary	-	41,547,608	41,547,608
Transferred from investment properties	-	3,650,124	130,954
Transferred to gross amount due to customers for properties under development	-	-	(476,198)
Transferred from / (to) properties held for trading (Note 5)	2,786,463	(52,474,393)	(484,079)
Transferred to work in progress (Note 9)	-	-	(17,221,694)
Impairment loss	-	(24,986,342)	-
Foreign currency translation adjustments	3,440,088	10,129	9,895
Balance at the end of the period / year	148,210,673	132,921,184	236,138,677

8. Investment properties

During the period ended September 30, 2009, the Group purchased new investment properties located in Kingdom of Saudi Arabia with an amount of KD 9,380,400. These properties were classified as investment properties as the Group still does not have a clear intention for them till the interim consolidated financial information as per the policies adopted by the Group.

9. Work in progress

The movement during the period / year is as follows:

	September 30, 2009	December 31, 2008 (Audited)	September 30, 2008
Balance at the beginning of the period / year	11,574,714	8,824,150	8,824,150
Additions	11,873,968	3,642,455	2,839,595
Transferred to properties held for trading (Note 5)	-	(891,891)	-
Transferred from properties under development (Note 7)	-	-	17,221,694
Balance at the end of the period / year	23,448,682	11,574,714	28,885,439

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10. Accounts payable and other credit balances

	September 30, 2009	December 31, 2008 (Audited)	September 30, 2008 (Restated)
Trade payables	26,208,478	31,824,944	25,408,957
Advances received from customers	64,220,028	45,276,773	106,185,975
Due to related parties (Note 17)	10,192,734	9,745,139	11,151,425
Retentions payable	4,342,844	2,588,178	-
Accrued development costs	275,019	1,250,737	10,062,185
Dividends payable	748,528	757,182	760,723
Other payables and accrued expenses	4,957,434	7,602,709	8,497,934
	<u>110,945,065</u>	<u>99,045,662</u>	<u>162,067,199</u>

11. Share capital

Authorized, issued and paid-up capital consists of 499,476,750 shares (December 31, 2008 – 454,069,800 shares, September 30, 2008 – 454,069,800 shares) of 100 fils each.

12. Treasury shares

	September 30, 2009	December 31, 2008 (Audited)	September 30, 2008
Number of shares (shares)	48,369,869	42,847,154	23,807,154
Percentage of issued shares (%)	9.68%	9.44%	5.24%
Market value (KD)	8,319,617	13,496,854	18,093,437
Cost (KD)	27,189,284	28,049,447	16,918,480

13. Profit from sale of properties under development

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008 (Restated)	2009	2008 (Restated)
Revenue from sale of properties under development	1,599,836	24,453,336	14,207,654	52,637,030
Cost of sale of properties under development	(332,873)	(6,851,227)	(9,996,368)	(21,541,004)
Profit from sale of properties under development	<u>1,266,963</u>	<u>17,602,109</u>	<u>4,211,286</u>	<u>31,096,026</u>

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14. (Loss) profit from sale of properties held for trading

	Three months ended September 30,		Nine months ended September 30,	
	2009	2008	2009	2008
Revenue from sale of properties held for trading	790,000	328,869	36,454,390	27,526,766
Cost of sale of properties held for trading	(795,873)	(280,317)	(31,767,724)	(18,469,034)
(Loss) profit from sale of properties held for trading	(5,873)	48,552	4,686,666	9,057,732

During the year ended December 31, 2008, one of the subsidiaries sold 80% of a major project located in Dubai – United Arab Emirates with an approximate amount of AED 1.64 Billion, equivalent to KD 119 million resulting in realized revenue and profit recognized in the consolidated statement of income during 2008 amounted to KD 47,734,956 and KD 28,945,059 respectively, representing 40% of the total revenue and profit.

During the period ended September 30, 2009 and due to the global crisis, the Group entered into a settlement agreement with the purchasing party to complete only 50% of the sale transaction equivalent to 40% of the project for which, there is no impact on the revenues and costs reported during the year ended December 31, 2008, as the Group recognized the revenues, costs and profits based on the percentage of collection, resulting in adjustment to the total selling amount to AED 820 million, equivalent to KD 59.6 million. The realized revenue and profit from the settlement agreement amounted to KD 13,036,892 and KD 6,979,156 respectively, which had been recognized in the current period interim condensed consolidated statement of income with a cost amounting to KD 6,057,736.

15. Gain on waiver of capital subscription

During the year ended December 31, 2008, the Group paid an amount of KD 14,534,904 for subscription in an investment which was classified under accounts receivable and other debit balances as advances for capital subscription since the share certificates relating to this investment were not issued up to the date of issuing the consolidated financial statements for the year ended December 31, 2008. Also, the Group has provided a 100% provision for the subscribed amount in 2008 consolidated financial statements due to the uncertainty pertaining to the existence and valuation of the investment. This resulted in a net book value of KD Nil relating to this investment subscription.

During the period ended September 30, 2009, the portfolio manager has compensated the Parent Company for 50% of this investment subscription by offering shares in several companies with a fair value of KD 7,308,045 as of that date, and accordingly recognized a gain amounting to KD 7,308,045 in the interim condensed consolidated statement of income (Note 4).

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16. 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 September 30,		Nine months ended September 30,	
	2009	2008 (Restated)	2009	2008 (Restated)
Net profit for the period attributable to equity holders of the Parent Company	<u>138,975</u>	<u>25,680,184</u>	<u>10,026,923</u>	<u>50,165,196</u>
	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>
Weighted average number of issued and fully paid-up shares	454,069,800	454,069,800	454,069,800	414,235,107
Bonus shares	45,406,980	45,406,980	45,406,980	45,406,980
Less: Weighted average number of treasury shares	(48,369,869)	(15,098,619)	(48,989,649)	(12,093,030)
Weighted average number of shares outstanding	<u>451,106,911</u>	<u>484,378,161</u>	<u>450,487,131</u>	<u>447,549,057</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>0.31</u>	<u>53.02</u>	<u>22.26</u>	<u>112.09</u>

Earnings per share reported for the three and nine months ended September 30, 2008 were 62.57 fils and 130.32 fils respectively before the retroactive effect related to the application of IFRIC 15 (Note 2) and the issuance of bonus shares for the year ended December 31, 2008.

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17. Related parties' disclosures

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 parties' balances and transactions are as follows:

	Major shareholders	Joint ventures	Other related parties	September 30, 2009	December 31, 2008 (Audited)	September 30, 2008
Balances included in the interim condensed consolidated statement of financial position						
Cash and cash equivalents (Note 3)	686	-	-	686	980	70,676
Accounts receivable and other debit balances (Note 4)	1,755,972	3,667,596	64,368	5,487,936	3,568,657	5,485,328
Accounts payable and other credit balances (Note 10)	2,010,608	8,182,126	-	10,192,734	9,745,139	11,151,425
Wakala and Murabaha payable	-	-	-	-	-	3,146,330
Transactions included in the interim condensed consolidated statement of income						
Management fees, commission and consultancy income	46,481	34,905	190,423	271,809	830,146	135,086
Finance charges	-	-	-	-	-	500,004
Key management compensation:				Nine months ended September 30, 2009	Year ended December 31, 2008 (Audited)	Nine months ended September 30, 2008
Salaries and other short term benefits				222,800	684,012	548,346
Terminal benefits				14,494	41,366	38,864
				<u>237,294</u>	<u>725,378</u>	<u>587,210</u>

The related parties' balances represent the amounts being collected or paid on behalf of the Group by / for its related parties, which related to operational activities.

18. General Assembly

The Shareholders' Annual General Assembly held on May 17, 2009 approved the distribution of 10 bonus shares for every 100 shares.

The General Assembly held on March 31, 2008 approved the distribution of cash dividends of 50 fils per share and 10 bonus shares for every 100 shares. 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.

19. 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 September 30, 2009, amounted to KD 11,725,582 (December 31, 2008 – KD 13,552,550 and September 30, 2008 – KD 12,441,503).

20. Segment information

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

21. Capital commitments and contingent liabilities

	September 30, 2009	December 31, 2008 (Audited)	September 30, 2008
Letters of guarantee	36,660,000	27,861,300	36,617,500
Capital commitments	113,718,505	103,856,803	37,473,785
	<u>150,378,505</u>	<u>131,718,103</u>	<u>74,091,285</u>

22. Comparative figures

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