

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

**INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED JUNE 30, 2010
(UNAUDITED)**

**WITH
T 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)
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 June 30, 2010 and the related interim condensed consolidated statements of income, comprehensive 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.

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, 2010 that might have had a material effect on the business of the Group or on its financial position.

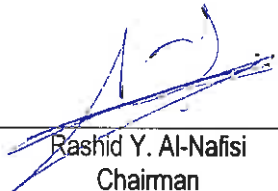
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AL MAZAYA HOLDING COMPANY K.S.C. (HOLDING) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS OF JUNE 30, 2010
(All amounts are in Kuwaiti Dinars)

		June 30,	December 31,	June 30,
		2010	2009	2009
	Note		(Audited)	
ASSETS				
Cash and cash equivalents	3	33,426,084	28,180,304	42,579,008
Accounts receivable and other debit balances	4	13,570,629	31,531,428	38,138,178
Murabaha receivable		3,209,352	3,223,456	3,723,456
Properties held for trading	5	140,232,342	126,122,141	153,307,200
Investments available for sale	6	30,004,493	24,713,492	32,367,425
Investment in associates	7	4,266,466	10,414,824	2,405,889
Investment in joint ventures		11,606,685	11,790,446	11,855,999
Investment properties	8	106,891,687	100,232,287	66,923,406
Fixed assets	9	24,973,085	22,796,458	20,744,594
Leasehold land		1,584,158	1,620,248	1,656,936
Goodwill		3,091,732	3,091,732	3,091,732
Total assets		372,856,713	363,716,816	376,793,823
LIABILITIES AND EQUITY				
Liabilities:				
Bank overdraft		4,978,027	5,073,936	4,993,795
Accounts payable and other credit balances	10	110,743,652	107,223,322	116,090,103
Term loans		44,970,000	44,970,000	44,970,000
Wakala and Murabaha payables		8,500,000	8,500,000	5,000,000
Deferred consideration on acquisition of properties		31,799,591	31,464,443	31,998,856
Provision for end of service indemnity		329,271	283,952	237,970
Total liabilities		201,320,541	197,515,653	203,290,724
Equity:				
Share capital		49,947,675	49,947,675	49,947,675
Share premium		75,714,971	75,714,971	75,714,971
Statutory reserve	11	9,646,725	9,646,725	9,131,420
Voluntary reserve	11	6,711,805	9,646,725	9,131,420
Treasury shares reserve	11	-	701,077	701,077
Cumulative changes in fair value	11	89,620	56,055	151,375
Assets revaluation surplus	11	519,366	519,366	519,366
Foreign currency translation adjustments	11	2,348,585	1,478,702	2,166,375
Effect of changes in subsidiary's treasury shares		(457,645)	(457,645)	(671,823)
Effect of changes in subsidiary's equity		(156,410)	(156,410)	57,768
Retained earnings		2,564,755	4,220,515	10,001,150
		146,929,447	151,317,756	156,850,774
Treasury shares	12	(17,354,505)	(27,189,284)	(27,189,284)
Equity attributable to equity holders of the Parent Company		129,574,942	124,128,472	129,661,490
Non-controlling interests		41,961,230	42,072,691	43,841,609
Total equity		171,536,172	166,201,163	173,503,099
Total liabilities and equity		372,856,713	363,716,816	376,793,823

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 JUNE 30, 2010
(All amounts are in Kuwaiti Dinars)

		Three months ended June 30,		Six months ended June 30,	
	Note	2010	2009	2010	2009
Gross profit (loss)	13	2,126,684	(1,202,277)	4,349,910	7,636,862
Management fees, commission and consultancy income		90,080	768,783	305,941	898,369
Rental income		87,623	-	136,333	-
Net investment income (loss)	14	375,545	(81,710)	2,531,953	18,814
Loss on partial disposal of a subsidiary		-	(556,686)	-	(568,002)
Group's share of results from associates	7	43,451	-	(503,292)	-
Group's share of results from joint ventures		(68,118)	(154,302)	(271,148)	(191,841)
Gain on waiver of capital subscription		-	7,308,045	-	7,308,045
Gain from sale of an associate	7	546,743	-	546,743	-
Impairment losses for investments available for sale	6	(2,348,761)	-	(2,348,761)	-
Dilution gain	7	134,620	-	134,620	-
Provision no longer required	7	349,901	-	349,901	-
Marketing expenses		(35,765)	(38,028)	(113,826)	(119,364)
General and administrative expenses		(878,853)	(697,700)	(1,750,267)	(1,734,513)
Expenses related to equity settled share based payments		-	(30,635)	-	(61,271)
Depreciation and amortization		(97,829)	(103,284)	(198,398)	(193,532)
Expenses on completed projects		(22,399)	(22,240)	(31,390)	(14,620)
Foreign currency exchange gain (loss)		97,751	49,812	92,648	(81,264)
Other income		117,318	95,299	271,318	575,558
Murabaha income		35,273	-	94,704	42,411
Interest income		89,654	167,930	217,239	307,704
Finance charges		(668,665)	(606,998)	(1,306,778)	(1,259,569)
(Loss) profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences, National Labor Support Tax and contribution to Zakat		(25,747)	4,896,009	2,507,450	12,563,787
Contribution to Kuwait Foundation for the Advancement of Sciences	15	-	(45,882)	-	(48,051)
National Labor Support Tax	15	-	(4,713)	-	(134,372)
Contribution to Zakat	15	-	(50,801)	-	(54,521)
Net (loss) profit for the period		(25,747)	4,794,613	2,507,450	12,326,843
Attributable to:					
Equity holders of the Parent Company		444,248	4,852,252	2,564,755	9,903,078
Non-controlling interests		(469,995)	(57,639)	(57,305)	2,423,765
Net (loss) profit for the period		(25,747)	4,794,613	2,507,450	12,326,843
		Fils	Fils	Fils	Fils
Earnings per share attributable to equity holders of the Parent Company	16	0.95	10.78	5.50	22.00

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 JUNE 30, 2010
 (All amounts are in Kuwaiti Dinars)

		Three months ended June 30,		Six months ended June 30,	
	Note	2010	2009	2010	2009
Net (loss) profit for the period		<u>(25,747)</u>	4,794,613	<u>2,507,450</u>	12,326,843
Other comprehensive income:					
Foreign currency translation adjustments		365,041	(532,226)	869,883	2,973,917
Investments available for sale	6	<u>(16,484)</u>	44,764	<u>33,565</u>	54,912
Assets revaluation surplus		-	-	-	(103,873)
Other comprehensive income (loss) for the period		<u>348,557</u>	<u>(487,462)</u>	<u>903,448</u>	2,924,956
Total comprehensive income for the period		<u>322,810</u>	<u>4,307,151</u>	<u>3,410,898</u>	15,251,799
Attributable to:					
Equity holders of the Parent Company		807,262	4,392,686	3,468,203	12,855,930
Non-controlling interests		<u>(484,452)</u>	<u>(85,535)</u>	<u>(57,305)</u>	2,395,869
Total comprehensive income for the period		<u>322,810</u>	<u>4,307,151</u>	<u>3,410,898</u>	15,251,799

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

(All amounts are in Kuwaiti Dinars)

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 CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2010
(All amounts are in Kuwaiti Dinars)

	Six months ended June 30,	
	2010	2009
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	2,507,450	12,563,787
Adjustments for:		
Net investment income	(2,531,953)	(18,814)
Loss on partial disposal of a subsidiary	-	568,002
Group's share of results from associates	503,292	-
Group's share of results from joint ventures	271,148	191,841
Gain on waiver of capital subscription	-	(7,308,045)
Gain from sale of an associate	(546,743)	-
Impairment losses for investments available for sale	2,348,761	-
Dilution gain	(134,620)	-
Provision no longer required	(349,901)	-
Expenses related to equity settled share based payments	-	61,271
Depreciation and amortization	198,398	193,532
Foreign currency exchange (gain) loss	(92,648)	81,264
Murabaha income	(94,704)	(42,411)
Interest income	(217,239)	(307,704)
Finance charges	1,306,778	1,259,569
Provision for end of service indemnity	65,256	111,665
	3,233,275	7,353,957
Changes in operating assets and liabilities:		
Accounts receivable and other debit balances	14,292,150	(4,705,727)
Properties held for trading	(13,010,449)	10,911,567
Investment properties	(1,901,572)	(9,380,400)
Accounts payable and other credit balances	3,158,636	8,633,610
Deferred consideration on acquisition of properties	(65,026)	(2,008,963)
	5,707,014	10,804,044
End of service indemnity paid	(22,103)	(104,282)
Net cash generated from operating activities	5,684,911	10,699,762
Cash flows from investing activities:		
Proceeds from sale of investments at fair value through income statement	-	1,258
Paid for purchase of investments available for sale	(10,666,481)	(41,563,746)
Proceeds from sale of investments available for sale	4,649,409	33,625,562
Proceeds from partial disposal of a subsidiary	-	3,239,441
Investment in joint ventures	-	178,834
Proceed from sale of investment in an associate	6,676,330	-
Paid for investment in unconsolidated subsidiary	-	(145,100)
Interest income received	382,064	183,666
Dividend income received	85,940	715
Paid against increase in equity holding of a subsidiary	-	(546,220)
Fixed assets	(1,931,649)	(8,750,000)
Net cash used in investing activities	(804,387)	(13,775,590)

AL MAZAYA HOLDING COMPANY K.S.C. (HOLDING) AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
JUNE 30, 2010
(All amounts are in Kuwaiti Dinars)

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	Percentage of ownership		
		June 30, 2010 %	December 31, 2009 (Audited) %	June 30, 2009 %
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 FZ / LLC	U.A.E	100	100	100
Mazaya Investments (DIFC) Limited	U.A.E	100	100	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	63.98	63.98
Future International Project Management – W.L.L. and its subsidiary:	Kuwait	85	85	85.16
Waterfront Real Estate Company K.S.C. (Closed)	Kuwait	91.97	91.97	91.97
United Circle General Contracting and Buildings – Abdulla Faisal Al Sultan and Partner – W.L.L.	Kuwait	100	-	-

3. Cash and cash equivalents

	June 30, 2010	December 31, 2009 (Audited)	June 30, 2009
Cash on hand and at banks	21,768,041	20,760,706	25,243,714
Short term bank deposits	11,617,760	7,182,970	17,334,608
Cash in investment portfolios (Note 17)	40,283	236,628	686
	33,426,084	28,180,304	42,579,008

The average effective interest rate on short term bank deposits was 1.627% (December 31, 2009 - 2% and June 30, 2009 – 4.98%) per annum. These deposits have an average maturity of 55 days (December 31, 2009 - 30 days and June 30, 2009 - 41 days).

Cash on hand and at banks include an amount of KD 15,786,882 (December 31, 2009 – KD 18,140,492 and June 30, 2009 – KD 23,130,759) representing restricted cash to be used only against construction work.

AL MAZAYA HOLDING COMPANY K.S.C. (HOLDING) AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
JUNE 30, 2010

(All amounts are in Kuwaiti Dinars)

4. Accounts receivable and other debit balances

	June 30, 2010	December 31, 2009 (Audited)	June 30, 2009
Trade receivable	2,632,352	5,142,216	14,724,110
Advance payments	5,115,207	11,938,128	8,087,468
Advances for capital subscription	-	7,163,163	7,243,666
Due from related parties (Note 17)	4,751,372	5,365,299	4,963,233
Prepayments	-	-	5,398,721
Staff receivables	-	1,254,791	1,243,048
Other receivables	1,872,587	1,468,720	5,026,259
	<u>14,371,518</u>	<u>32,332,317</u>	<u>46,686,505</u>
Provision for doubtful accounts	(800,889)	(800,889)	(8,548,327)
	<u>13,570,629</u>	<u>31,531,428</u>	<u>38,138,178</u>

5. Properties held for trading

	June 30, 2010	December 31, 2009 (Audited)	June 30, 2009
Balance at the beginning of the period / year	126,122,141	197,864,613	197,864,613
Additions	24,684,435	60,695,339	29,336,393
Disposals (Note 13)	(12,218,667)	(49,168,968)	(40,635,346)
Transferred to investment properties (Note 8)	-	(86,648,299)	(36,024,732)
Foreign currency translation adjustments	1,644,433	3,379,456	2,766,272
Balance at the end of the period / year	<u>140,232,342</u>	<u>126,122,141</u>	<u>153,307,200</u>

6. Investments available for sale

	June 30, 2010	December 31, 2009 (Audited)	June 30, 2009
Balance at the beginning of the period / year	24,713,492	24,248,220	24,248,220
Additions	10,666,481	47,011,510	41,563,746
Disposals	(3,060,284)	(39,925,963)	(33,499,453)
Transferred to investment in associates (Note 7)	-	(6,676,330)	-
Changes in fair value	33,565	56,055	54,912
Impairment losses	(2,348,761)	-	-
Balance at the end of the period / year	<u>30,004,493</u>	<u>24,713,492</u>	<u>32,367,425</u>

Investment available for sale with a fair value of KD 6,778,307 is pledged against a loan (Note 10).

AL MAZAYA HOLDING COMPANY K.S.C. (HOLDING) AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
JUNE 30, 2010
(All amounts are in Kuwaiti Dinars)

7. Investment in associates

<u>Name of the associate</u>	<u>Country of Incorporation</u>	<u>Ownership of percentage</u>		
		<u>June 30, 2010</u>	<u>December 31, 2009 (Audited)</u>	<u>June 30, 2009</u>
Mazaya Qatar Real Estate Development Q.S.C	Qatar	5.77%	11.52%	11.52%
Real Estate Development J.S.C	Jordan	-	20.27%	-

The movement during the period / year is as follows:

	<u>June 30, 2010</u>	<u>December 31, 2009 (Audited)</u>	<u>June 30, 2009</u>
Balance at the beginning of the period / year	11,247,105	3,905,889	3,905,889
Transferred from investments available for sale (Note 6)	-	6,676,330	-
Additions	-	615,920	-
Group's share of results from associates	(503,292)	48,811	-
Disposal	(6,129,587)	-	-
Dilution gain	134,620	-	-
Foreign currency translation adjustments	-	155	-
	<u>4,748,846</u>	<u>11,247,105</u>	<u>3,905,889</u>
Provision for investment in associates	<u>(482,380)</u>	<u>(832,281)</u>	<u>(1,500,000)</u>
Balance at the end of the period / year	<u>4,266,466</u>	<u>10,414,824</u>	<u>2,405,889</u>

During the period ended June 30, 2010, the Group sold its investment in Real Estate Development J.S.C. for KD 6,676,330 which resulted in a gain on sale with an amount of KD 546,743.

During the year ended December 31, 2009, the Group accounted for a provision for its investment in the associate – Mazaya Qatar Real Estate Development Q.S.C. with an amount of KD 832,281. During the period ended June 30, 2010, the Group's ownership percentage in Mazaya Qatar Real Estate Development Q.S.C. has been reduced from 11.52% to 5.77% due to the increase of the associate's capital, for which the Group did not participate in. Accordingly, the Group's share of the provided provision has been reduced. Therefore, the Group reversed an amount of KD 349,901 in the interim condensed consolidated statement of income.

8. Investment properties

	<u>June 30, 2010</u>	<u>December 31, 2009 (Audited)</u>	<u>June 30, 2009</u>
Balance at the beginning of the period / year	100,232,287	18,286,395	18,286,395
Additions	6,206,490	11,620,362	10,350,779
Transferred from properties held for trading (Note 5)	-	86,648,299	36,024,732
Changes in fair value	-	(16,028,799)	-
Foreign currency translation adjustments	452,910	(293,970)	2,261,500
Balance at the end of the period / year	<u>106,891,687</u>	<u>100,232,287</u>	<u>66,923,406</u>

9. Fixed assets

During the period ended June 30, 2010, the Group incurred an amount of KD 1,931,649 for construction works related to work in progress towers which the Group intends to use in the future.

AL MAZAYA HOLDING COMPANY K.S.C. (HOLDING) AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
JUNE 30, 2010
(All amounts are in Kuwaiti Dinars)

10. Accounts payable and other credit balances

	June 30, 2010	December 31, 2009 (Audited)	June 30, 2009
Trade payables	18,149,332	20,449,459	24,709,049
Advances received from customers	67,605,671	64,030,508	78,796,277
Amounts due to related parties (Note 17)	9,364,956	10,482,183	720,105
Retentions payable	9,339,840	6,320,453	4,498,590
Accrued development costs	99,385	136,800	385,640
Dividends payable	740,443	747,868	754,187
Other payables and accrued expenses	5,444,025	5,056,051	6,226,255
	<u>110,743,652</u>	<u>107,223,322</u>	<u>116,090,103</u>

Amounts due to related parties as of June 30, 2010 include an amount of KD 1,574,798 representing a loan provided by a related party bearing an interest rate of 4.34% per annum and will mature on April 20, 2011. This loan is secured by an investment available for sale with a fair value of KD 6,778,307 (Note 6).

11. Other equity balances

	Statutory reserve	Voluntary reserve	Treasury shares reserve	Cumulative changes in fair value	Asset revaluation surplus	Foreign currency translation adjustments	Total
Balance as at December 31, 2009	9,646,725	9,646,725	701,077	56,055	519,366	1,478,702	22,048,650
Sale of treasury shares	-	(2,934,920)	(701,077)	-	-	-	(3,635,997)
Total comprehensive income for the period	-	-	-	33,565	-	869,883	903,448
Balance as at June 30, 2010	<u>9,646,725</u>	<u>6,711,805</u>	<u>-</u>	<u>89,620</u>	<u>519,366</u>	<u>2,348,585</u>	<u>19,316,101</u>
Balance as at December 31, 2008	9,131,420	9,131,420	1,561,889	68,567	623,239	(807,542)	19,708,993
Sale of treasury shares	-	-	(860,812)	-	-	-	(860,812)
Total comprehensive income (loss) for the period	-	-	-	82,808	(103,873)	2,973,917	2,952,852
Balance as at June 30, 2009	<u>9,131,420</u>	<u>9,131,420</u>	<u>701,077</u>	<u>151,375</u>	<u>519,366</u>	<u>2,166,375</u>	<u>21,801,033</u>

12. Treasury shares

	June 30, 2010	December 31, 2009 (Audited)	June 30, 2009
Number of shares (shares)	32,289,869	49,189,869	49,189,869
Percentage of issued shares (%)	6.51%	9.85%	9.84%
Market value (Kuwaiti Dinar)	2,873,798	5,997,864	10,133,133
Cost (Kuwaiti Dinar)	17,354,505	27,189,284	27,189,284

Treasury shares include 23,008,000 (December 31, 2009 – 39,908,000, June 30, 2009 – 39,908,000) shares with a cost of KD 13,389,263 (December 31, 2009 – KD 23,226,456, June 30, 2009 – KD 23,224,041) at market value of KD 2,047,712 recorded in the books of a subsidiary – First Dubai Real Estate Development K.S.C. (Closed), these shares are pledged against certain murabaha payable.

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13. Gross profit (loss)

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Revenue from sale of properties held for trading	7,510,863	25,818,031	16,568,577	48,272,208
Cost of sale of properties held for trading (Note 5)	(5,384,179)	(27,020,308)	(12,218,667)	(40,635,346)
Gross profit (loss)	2,126,684	(1,202,277)	4,349,910	7,636,862

14. Net investment income (loss)

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Realized gain on sale of investments available for sale	-	(81,710)	2,113,088	18,099
Dividend income	375,545	-	418,865	715
	375,545	(81,710)	2,531,953	18,814

15. Contribution to Kuwait Foundation for the Advancement of Sciences, National Labor Support Tax and Contribution to Zakat

During the year ended December 31, 2009, the Group has reversed certain provisions no longer required and utilized part of them to reduce the taxable profit to zero balance and accordingly there was no profit on which contribution to Kuwait Foundation for the Advancement of Sciences, National Labor Support Tax and contribution to Zakat could be calculated for the year ended December 31, 2009.

During the period ended June 30, 2010, the Group utilized another part of reversed provisions during the year 2009 to reduce the June 30, 2010 taxable profit to zero balance and accordingly there was no profit on which contribution to Kuwait Foundation for the Advancement of Sciences, National Labor Support Tax and contribution to Zakat could be calculated for the period ended June 30, 2010.

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 June 30,		Six months ended June 30,	
	2010	2009	2010	2009
Net profit for the period attributable to equity holders of the Parent Company	444,248	4,852,252	2,564,755	9,903,078
	Shares	Shares	Shares	Shares
Weighted average number of issued and fully paid-up shares	499,476,780	499,476,780	499,476,780	499,476,780
Less: weighted average number of treasury shares	(32,289,869)	(49,353,166)	(33,168,322)	(49,304,676)
Weighted average number of shares outstanding	467,186,911	450,123,614	466,308,458	450,172,104
	Fils	Fils	Fils	Fils
Earnings per share attributable to equity holders of the Parent Company	0.95	10.78	5.50	22.00

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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:

Balances included in the interim condensed consolidated statement of financial position:	Major shareholders	Joint ventures	Other related parties	June 30, 2010	December 31, 2009 (Audited)	June 30, 2009
Cash and cash equivalents (Note 3)	40,283	-	-	40,283	236,628	686
Accounts receivable and other debit balances (Note 4)	1,784,834	2,663,364	303,174	4,751,372	5,365,299	4,963,233
Accounts payable and other credit balances (Note 10)	3,660,857	5,169,667	534,432	9,364,956	10,482,183	720,105
Transactions included in the interim condensed consolidated statement of income:						
Management fees, commission and consultancy income (expenses)	12,563	(18,607)	69,094	63,050	547,986	201,535
Key management compensation:						
Salaries and other short term benefits				164,985	283,267	151,979
Terminal benefits				7,493	24,294	10,839
				<u>172,478</u>	<u>307,561</u>	<u>162,818</u>

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

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18. General Assembly

The shareholders' Annual General Assembly held on May 26, 2010 approved not to distribute any cash dividends or bonus shares as of General Assembly dated for the year ended December 31, 2009.

The Shareholders' Annual General Assembly held on May 17, 2009 approved the distribution of 10 bonus shares for every 100 shares held as of the General Assembly date for the year ended December 31, 2008.

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 June 30, 2010, amounted to KD 8,244,459 (December 31, 2009 – KD 12,060,967 and June 30, 2009 – KD 68,920,295).

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20. Segment information

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

	Six months ended June 30, 2010					Six months ended June 30, 2009				
	Kuwait	UAE	KSA	Others	Total	Kuwait	UAE	KSA	Others	Total
Gross profit										
Management fees, commission & consultancy income	64,626	2,533,923	1,815,987	68,094	4,349,910	31,202	7,605,660	65,245	-	7,636,662
Rental income	-	172,221	-	-	305,941	39,555	659,371	-	134,198	898,369
Net investment income	2,446,362	136,333	-	-	2,582,695	-	-	-	-	-
Loss on partial disposal of a subsidiary	-	42,270	-	43,321	85,591	18,814	-	-	-	18,814
Group's share of results from joint ventures	-	-	-	-	-	(568,002)	-	-	-	(568,002)
Group's share of results from associates	(8,388)	(262,760)	-	(503,292)	(814,440)	(10,656)	(181,165)	-	-	(191,841)
Gain on warner capital subscription	-	-	-	-	-	7,308,045	-	-	-	7,308,045
Gain from sale of an associate	-	-	-	-	-	-	-	-	-	-
Impairment losses for investments available for sale	(2,348,761)	-	-	546,743	(1,802,018)	-	-	-	-	-
Dilution gain	-	-	-	-	-	-	-	-	-	-
Provision no longer required	-	-	-	134,620	134,620	-	-	-	-	-
Marketing expenses	(77,517)	(36,309)	-	349,901	236,075	(84,590)	(94,774)	-	-	(179,364)
General and administrative expenses	(982,613)	(767,454)	-	-	(1,750,067)	(1,142,159)	(592,354)	-	-	(1,734,513)
Expenses related to equity settled share based payments	-	-	-	-	-	-	-	-	-	-
Depreciation and amortization	(87,375)	(74,932)	-	(36,091)	(198,398)	(61,271)	-	-	-	(61,271)
Expenses on closed projects	(31,390)	-	-	-	(31,390)	(116,306)	(77,276)	-	-	(193,582)
Foreign currency exchange gain (loss)	8,345	84,263	-	-	92,608	(14,620)	-	-	-	(14,620)
Other income (expenses)	195,501	75,617	-	-	271,118	(81,134)	(130)	-	-	(81,264)
Murabaha income	62,606	-	-	-	62,606	681,046	(105,488)	-	-	575,558
Interest income	51,125	166,114	-	32,088	349,327	42,411	-	-	-	42,411
Finance charges	(1,291,784)	(14,994)	-	-	(1,306,778)	217,239	251,449	-	27,001	307,704
Contribution to Kuwait Foundation for the Advancement of Sciences	-	-	-	-	-	(1,259,569)	-	-	-	(1,259,569)
National Labor Support Tax	-	-	-	-	-	(48,051)	-	-	-	(48,051)
Contribution to Zakat	-	-	-	-	-	(134,372)	-	-	-	(134,372)
Net (loss) profit for the period	(1,999,423)	2,054,492	1,815,987	636,394	2,507,450	(64,521)	7,525,323	65,245	161,199	12,326,843
Total segment assets	96,953,183	255,613,602	9,360,400	10,909,528	372,836,713	84,351,557	274,092,061	8,825,882	9,524,323	376,793,823
Total segment liabilities	76,329,379	124,991,162	-	-	201,320,541	70,162,640	133,125,507	-	2,577	203,290,724

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21. Capital commitments and contingent liabilities

	June 30, 2010	December 31, 2009 (Audited)	June 30, 2009
Letters of guarantee	23,478,000	22,876,000	37,130,000
Capital commitments	92,719,039	103,054,154	121,181,776
	<u>116,197,039</u>	<u>125,930,154</u>	<u>158,311,776</u>

The capital commitments balance represents the estimated and the remaining amounts of contracts and projects to be executed in the future. The estimated revenue related to these contracts and projects are KD 97,024,550 as of June 30, 2010.

22. Comparative figures

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