

AIM TO CONSERVE



**AL MAZAYA HOLDING CO. K.S.C.P
HOLDING AND ITS SUBSIDIARIES**

INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)

30 June 2007



MAZAYA
AIM TO LEAD

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

INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED JUNE 30, 2007
(UNAUDITED)
WITH REVIEW REPORT ON INTERIM CONSOLIDATED
FINANCIAL INFORMATION

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Review report on interim consolidated financial information

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

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of Al Mazaya Holding Company K.S.C. (Closed) (the Parent Company) and subsidiaries (the Group) as of June 30, 2007 and the related condensed consolidated statements of income, changes in equity and cash flows for the three months period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim consolidated financial information in accordance with International Accounting Standard 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this interim consolidated financial information based on our review.

We did not review the interim financial information of the subsidiaries, First Dubai for Real Estate Development Company K.S.C. (Closed) and Mazaya Lebanon Holding - S.A.L., whose total assets and revenues constitute 30.71% and 22.07% of the respective consolidated totals. The financial information of the above mentioned subsidiaries were reviewed by other auditors, whose report were provided to us and our conclusion in so far as it relates to the amounts included in the interim consolidated financial information related to this subsidiaries is based solely on the report of the other auditors.

Scope of Review

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



Conclusion

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

Report on other Legal and Regulatory Requirements

Furthermore, the interim consolidated financial information is in agreement with the books of account. We further report that, to the best of our knowledge and belief, no violations of the Commercial Companies' Law of 1960, as amended, or of the Articles of Association of the Parent Company have occurred during the period ended June 30, 2007 that might have had a material effect on the business of the Parent Company or on its financial position.

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State of Kuwait
July 31, 2007

AL MAZAYA HOLDING COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)
JUNE 30, 2007

(All amounts are in Kuwaiti Dinars)

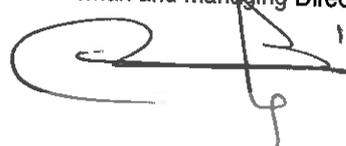
<u>ASSETS</u>	Notes	June 30, 2007	December 31, 2006 (Audited)	June 30, 2006
Cash and cash equivalents	3	20,262,308	16,096,502	5,702,048
Investments at fair value through income statement		28,871,171	21,815,983	15,499,297
Accounts receivable and other debit balances	4	33,758,552	23,567,628	9,825,385
Investment in joint ventures	5	5,737,491	1	-
Properties under development	6	89,815,429	59,191,060	20,040,836
Investment properties	7	25,762,776	43,226,075	21,775,012
Work in progress		1,605,265	1,075,479	6,313,203
Fixed assets		615,494	274,381	165,814
Goodwill	1	1,052,479	920,096	-
		<u>207,480,965</u>	<u>166,167,205</u>	<u>79,321,595</u>
<u>LIABILITIES AND EQUITY</u>				
Liabilities:				
Accounts payable and other credit balances	8	60,112,062	30,285,627	10,430,186
Term loans	9	19,842,354	4,830,000	830,000
Wakala payable		7,000,000	6,000,000	6,000,000
Deferred consideration on acquisition of properties		30,677,114	33,421,846	15,209,047
Total liabilities		<u>117,631,530</u>	<u>74,537,473</u>	<u>32,469,233</u>
Equity:				
Capital	10	31,589,150	28,601,242	23,245,409
Share premium	11	33,234,971	32,758,688	10,799,771
Statutory reserve		4,514,191	4,514,191	2,073,451
Voluntary reserve		4,514,191	4,514,191	2,073,451
Gain on sale of treasury shares		430,966	97,258	97,258
Employees' share option reserve	19	347,024	-	-
Assets revaluation surplus		1,038,731	1,038,731	-
Foreign currency translation adjustment		(64,530)	-	-
Effect of changes in subsidiary's equity		68,900	-	-
Retained earnings		18,277,436	23,290,875	13,765,300
Treasury shares	12	93,951,030 (7,525,440)	94,815,176 (7,013,148)	52,054,640 (5,202,278)
Minority interest		86,425,590	87,802,028	46,852,362
Total equity		<u>89,849,435</u>	<u>3,827,704</u>	<u>-</u>
		<u>207,480,965</u>	<u>166,167,205</u>	<u>79,321,595</u>

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

Rashid Y. Al-Nafisi
Chairman



Khalid S. Esbaitah
Vice Chairman and Managing Director



AL MAZAYA HOLDING COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2007

(All amounts are in Kuwaiti Dinars)

	Notes	Three months ended June 30,		Six months ended June 30,	
		2007	2006	2007	2006
Profit from sale of properties under development	13	7,100,678	2,820,098	12,600,409	7,016,475
Management fees, commission and consultancy income	14	328,865	1,394,841	851,958	2,038,411
Loss on sale of rights to certain properties		-	(47,579)	-	(118,187)
Net investment income	15	671,118	184,613	588,468	25,628
Share of results from Joint Ventures	5	1,819,219	-	1,819,219	-
Other income		3,206	43,731	4,256	69,667
Marketing expenses		(419,091)	(102,382)	(970,840)	(224,761)
Administrative expenses		(625,551)	(335,017)	(1,477,997)	(560,806)
Expenses related to equity settled share based payments	19	(41,685)	-	(347,024)	-
Depreciation		(28,840)	(5,563)	(48,660)	(14,708)
Expenses on completed projects		(38,267)	-	(242,872)	-
Foreign exchange gain		2,339	-	5,309	-
Interest income		113,843	2,158	268,576	2,460
Finance charges		(468,162)	(146,822)	(823,023)	(294,398)
Profit for the period before Contribution to Kuwait Foundation for the Advancement of Sciences and National Labor Support Tax		8,417,672	3,808,078	12,227,779	7,939,781
Contribution to Kuwait Foundation for the Advancement of Sciences		(62,452)	(34,273)	(82,283)	(71,458)
National Labor Support Tax		(207,331)	(84,825)	(300,497)	(176,859)
Net profit for the period		8,147,889	3,688,980	11,844,999	7,691,464
Attributable to:					
Equity holders of the Parent Company		8,023,431	3,688,980	11,637,083	7,691,464
Minority interest		124,458	-	207,916	-
Net profit for the period		8,147,889	3,688,980	11,844,999	7,691,464
		<u>Fils</u>	<u>Fils</u>	<u>Fils</u>	<u>Fils</u>
Basic and diluted earnings per share attributable to the equity holders of the Parent Company	16	26.86	15.55	38.78	33.31

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

AL MAZAYA HOLDING COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2007
 (All amounts are in Kuwaiti Dinars)

	Attributable to equity holders of the parent company										Total			
	Capital	Share premium	Statutory reserve	Voluntary reserve	Gain on sale of treasury shares	Employees' share option reserve	Assets revaluation surplus	Foreign currency translation adjustment	Effect of changes in subsidiary's equity	Retained earnings		Treasury shares	Subtotal	Minority interest
Balance at December 31, 2005	15,150,000	30,000	2,073,451	2,073,451	97,258	-	-	-	-	13,456,881	(1,370,562)	31,413,221	-	31,413,221
Gain on sale of treasury shares	-	-	-	-	97,258	-	-	-	-	-	-	97,258	-	97,258
Net income recognized directly in equity	-	-	-	-	97,258	-	-	-	-	7,691,464	-	7,691,464	-	7,691,464
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total recognized income for the period	-	-	-	-	97,258	-	-	-	-	7,691,464	-	7,691,464	-	7,691,464
Cash dividends (2005 - 25 fils per share)	-	-	-	-	-	-	-	-	-	7,691,464	-	7,691,464	-	7,691,464
Increase in capital	4,307,909	-	-	-	-	-	-	-	-	(3,595,545)	-	(3,595,545)	-	(3,595,545)
Share premium	-	10,769,771	-	-	-	-	-	-	-	4,307,909	-	4,307,909	-	4,307,909
Bonus shares (2005 - 25%)	3,787,500	-	-	-	-	-	-	-	-	-	-	10,769,771	-	10,769,771
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(3,787,500)	-	(3,787,500)	-	(3,787,500)
Sale of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance at June 30, 2006	23,245,409	10,799,771	2,073,451	2,073,451	97,258	-	-	-	-	13,765,300	(5,544,010)	46,852,362	-	46,852,362
Balance at December 31, 2006	28,601,242	32,758,888	4,514,191	4,514,191	97,258	-	-	-	-	23,290,875	(7,013,148)	87,802,028	3,827,704	91,629,732
Foreign currency translation adjustment	-	-	-	-	333,708	-	-	-	-	(64,530)	-	(64,530)	-	(64,530)
Gain on sale of treasury shares	-	-	-	-	333,708	-	-	-	-	1,038,731	-	333,708	-	333,708
Net income recognized directly in equity	-	-	-	-	333,708	-	-	-	-	11,637,083	-	11,637,083	-	11,637,083
Profit for the period	-	-	-	-	333,708	-	-	-	-	-	-	333,708	-	333,708
Total recognized income (expense) for the period	-	-	-	-	333,708	-	-	-	-	11,637,083	-	11,637,083	-	11,637,083
Increase in capital (Note 10)	116,167	-	-	-	-	-	-	-	-	(64,530)	-	(64,530)	-	(64,530)
Share premium	-	476,283	-	-	-	-	-	-	-	-	-	476,283	-	476,283
Cash dividend (2006 - 50 fils per share)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares (2006 - 10%)	2,871,741	-	-	-	-	-	-	-	-	-	-	-	-	-
Effect of changes in subsidiary's equity	-	-	-	-	-	-	-	-	68,900	(13,778,781)	-	(13,778,781)	-	(13,778,781)
Employees' share option reserve (Note 19)	-	-	-	-	-	347,024	-	-	-	-	-	347,024	-	347,024
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of treasury shares	-	-	-	-	-	-	-	-	-	(3,408,241)	-	(3,408,241)	-	(3,408,241)
Acquisition of minority	-	-	-	-	-	-	-	-	-	2,895,949	-	2,895,949	-	2,895,949
Balance at June 30, 2007	31,569,150	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	(611,775)	89,849,435

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

AL MAZAYA HOLDING COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2007

(All amounts are in Kuwaiti Dinars)

	Notes	Six months ended June 30,	
		2007	2006
Cash flows from operating activities:			
Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences and National Labour Support Tax		12,227,779	7,939,781
Adjustments for:			
Net investment gain		(588,468)	(25,628)
Depreciation		48,660	14,708
Interest income		(268,576)	(2,460)
Finance charges		823,023	294,398
Share of result from joint ventures		(1,819,219)	-
Expenses related to equity settled share based payments		347,024	-
Provision for end of service indemnity		56,049	-
Operating profit before working capital changes		10,826,272	8,220,799
Increase in accounts receivable and other debit balances		(10,078,564)	(2,919,266)
(Increase) decrease in properties under development		(12,836,459)	632,812
Increase in work in progress		(443,722)	-
Increase in accounts payable and other credit balances		28,169,007	3,080,752
Decrease in deferred consideration on acquisition of properties		(2,744,732)	(3,974,649)
Cash generated from operations		12,891,802	5,040,448
Paid to Kuwait Foundation for the Advancement of Sciences		(216,197)	(129,766)
Paid to National Labour Support Tax		(610,185)	(280,199)
End of service indemnity paid		(17,096)	-
Net cash generated from operating activities		12,048,324	4,630,483
Cash flows from investing activities:			
Increase of investments at fair value through income statement		(6,864,097)	(1,857,199)
Cash dividend received		574,638	225,000
Interest income received		223,760	-
Net movement in investment properties		172,505	(6,896,359)
Paid against increase in equity holding of a subsidiary		(1,250)	-
Increase in investment in joint ventures		(3,918,271)	-
Amount paid for work in progress		-	(1,638,406)
Purchase of fixed assets		(389,250)	(70,218)
Net cash used in investing activities		(10,201,965)	(10,237,182)

AL MAZAYA HOLDING COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2007

(All amounts are in Kuwaiti Dinars)

	Notes	Six months ended June 30,	
		2007	2006
Cash flows from financing activities:			
Paid up capital		-	4,307,909
Share premium received		-	10,769,771
Increase in term loans		14,977,754	-
Paid for purchase of treasury shares		(3,408,241)	(5,544,010)
Cash dividends paid		(12,731,250)	(3,114,648)
Finance charges paid		(724,593)	(150,025)
Increase in Wakala payable		965,400	-
Proceeds from sale of treasury shares		3,229,657	1,809,552
Movement in equity of subsidiary		68,900	-
Net cash generated from financing activities		2,377,627	8,078,549
Net increase in cash and cash equivalents		4,223,986	2,471,850
Foreign currency translation adjustment		(64,530)	-
Cash balance related to increase in equity holding in a subsidiary		6,350	-
Cash and cash equivalents at the beginning of the period		16,096,502	3,230,198
Cash and cash equivalents at the end of the period	3	20,262,308	5,702,048

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

AL MAZAYA HOLDING COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
JUNE 30, 2007

(All amounts are in Kuwaiti Dinars)

1. Establishment and activities of the Group

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

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

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

Subsidiaries	Country of incorporation	Percentage of holding		
		June 30, 2007 %	December 31, 2006 %	June 30, 2006 %
Al Mazaya Real Estate Development Company - K.S.C. (Closed)	Kuwait	100	100	100
Al Mazaya Real Estate FZ/LLC and its subsidiaries:				
Al Dana Real Estate Limited	U.A.E.	100	100	100
Al Rayhan Real Estate Limited	U.A.E.	100	100	100
Al Mazaya Al Khalijia for General Trading - Khalid S. Esbaitah and Partners - W.L.L.	Kuwait	100	100	100
Al Mazaya Al Arabia Real Estate Company - Khalid S. Esbaitah and Partners - W.L.L.	Kuwait	100	100	100
Al Mazaya International for Projects Management - Khalid S. Esbaitah and Partners - W.L.L.	Kuwait	100	100	100
Mazaya Lebanon Holding - S.A.L. (Holding) and its subsidiary:				
Mazaya Lamartien - S.A.L.	Lebanon	100	100	100
First Dubai for Real Estate Development Company - K.S.C. (Closed)	Lebanon	100	100	100
Al Wahda Real Estate Investments Limited	Kuwait	91.73	90	-
	U.A.E.	-	-	100

As of June 30, 2007, the Parent Company acquired additional 1.73% interest in the equity of First Dubai for Real Estate Development Company - K.S.C. (Closed) for an amount of KD 593,700. The goodwill resulting from the additional acquisition of this subsidiary is as follows:

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

These interim condensed consolidated financial information were approved for issue by the board of Directors on July 31, 2007.

AL MAZAYA HOLDING COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
JUNE 30, 2007

(All amounts are in Kuwaiti Dinars)

2. Basis of preparation

These interim consolidated financial information have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" and the guidelines issued by the Kuwait Stock Exchange. The accounting policies used in the preparation of the interim 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, 2006.

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 June 30, 2007 are not necessarily indicative of the results that may be expected for the year ending December 31, 2007. For further information, refer to the consolidated financial statements and notes thereto for the year ended December 31, 2006.

3. Cash and cash equivalents

	June 30, 2007	December 31, 2006 (Audited)	June 30, 2006
Cash and bank balances	4,882,920	2,359,581	4,202,048
Fixed deposits	15,379,388	13,587,173	1,500,000
Short term money market fund	-	149,748	-
	<u>20,262,308</u>	<u>16,096,502</u>	<u>5,702,048</u>

Fixed deposits earn an average interest rate of 7.5% (December 31, 2006 – 5.25% and June 30, 2006 – 5.25%) per annum.

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

4. Accounts receivable and other debit balances

	June 30, 2007	December 31, 2006 (Audited)	June 30, 2006
Trade receivable	27,506,227	10,141,238	5,564,460
Advances to contractors	4,161,834	5,731,030	3,978,538
Amount due from related parties	1,706,628	7,342,323	76,646
Staff receivable	2,735	27,510	19,350
Other receivable	381,128	325,527	186,391
	<u>33,758,552</u>	<u>23,567,628</u>	<u>9,825,385</u>

AL MAZAYA HOLDING COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
JUNE 30, 2007

(All amounts are in Kuwaiti Dinars)

5. Investment in joint ventures

Investment in joint venture represents the group's 50% interest in AL-Madar Gulf Limited, UAE and 50% interest in Al-Wahda Real Estate Investment Limited, UAE. The share of results from these joint ventures amounting to KD 1,819,219 has been included in the accompanying interim consolidated financial information.

6. Properties under development

	June 30, 2007	December 31, 2006 (Audited)	June 30. 2006
Cost incurred to date plus recognized profit	135,513,860	20,417,072	40,075,010
Amount transfer from rights to certain properties	-	15,300,318	-
Addition relating to the newly consolidated subsidiaries	-	47,063,469	-
Transfer from work in progress	-	3,599,318	-
Less: Progress billings	(45,698,431)	(27,189,117)	(20,034,174)
	<u>89,815,429</u>	<u>59,191,060</u>	<u>20,040,836</u>

7. Investment properties

	June 30, 2007	December 31, 2006 (Audited)	June 30. 2006
Balance at the beginning of the period	43,226,075	400,925	400,925
Transfer to properties under development	(17,290,794)	-	-
Additions during the period	3,728,442	32,736,485	21,374,087
Addition relating to the newly consolidated subsidiaries	-	6,780,670	-
Changes in fair value of investment properties	-	3,307,995	-
Disposals	(3,900,947)	-	-
Balance at the end of the period	<u>25,762,776</u>	<u>43,226,075</u>	<u>21,775,012</u>

AL MAZAYA HOLDING COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
JUNE 30, 2007

(All amounts are in Kuwaiti Dinars)

8. Accounts payable and other credit balances

	June 30, 2007	December 31, 2006 (Audited)	June 30, 2006
Trade payable	41,998,300	8,442,293	4,304,513
Advances received from customers	8,456,792	12,165,477	3,785,178
Due to related parties	1,212,572	6,156,006	857,091
Dividend payable	1,652,740	605,209	626,297
Other payables and accrued expenses	6,791,658	2,916,642	857,107
	60,112,062	30,285,627	10,430,186

9. Term loans

Term loans carry an interest rate ranging from 7.5 % to 8.5 % per annum with a maturity ranging from August 15, 2007 to April 10, 2008.

10. Capital

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

During the period ended June 30, 2007, 1,161,670 shares were issued to acquire First Dubai for Real Estate Development Company - K.S.C. (Closed). Accordingly, the authorized, issued and paid up capital is as follows:

	June 30, 2007	December 31, 2006 (Audited)	June 30, 2006
Authorized capital (shares)	316,171,500	287,454,090	234,825,000
Authorized capital (KD)	31,617,150	28,745,409	23,482,500
Issued and paid up capital (shares)	315,891,500	286,012,420	232,454,090
Issued and paid up capital (KD)	31,589,150	28,601,242	23,245,409
Number of unsubscribed shares (shares)	280,000	1,441,670	2,370,910

11. Share premium

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

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12. Treasury shares

	June 30, 2007	December 31, 2006 (Audited)	June 30. 2006
Number of shares (shares)	15,351,402	13,728,702	10,471,552
Percentage of issued shares (%)	4.9%	4.8%	4.5%
Market value (KD)	8,570,299	9,335,517	5,759,354
Cost (KD)	7,525,440	7,013,148	5,202,278

13. Profit from sale of properties under development

	Three months ended June 30,		Six months ended June 30,	
	2007	2006	2007	2006
Revenue from sale	9,620,237	6,523,941	20,903,184	16,617,167
Cost of sale	(2,519,559)	(3,703,843)	(8,302,775)	(9,600,692)
	<u>7,100,678</u>	<u>2,820,098</u>	<u>12,600,409</u>	<u>7,016,475</u>

14. Management fees, commission and consultancy income

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

15. Net investment income

	Three months ended June 30,		Six months ended June 30,	
	2007	2006	2007	2006
Unrealized (loss) gain from investments at fair value through income statement	(32,315)	(41,625)	6,914	(261,814)
Realized gain on sale of investments at fair value through income statement	128,795	1,238	6,916	62,442
Dividend income	574,638	225,000	574,638	225,000
	<u>671,118</u>	<u>184,613</u>	<u>588,468</u>	<u>25,628</u>

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16. Basic and diluted earnings per share

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

	Three months ended June 30,		Six months ended June 30,	
	2007	2006	2007	2006
Net profit for the period attributable to equity holders of the Parent Company	<u>8,023,431</u>	<u>3,688,980</u>	<u>11,637,083</u>	<u>7,691,464</u>
	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>
Weighted average number of issued and fully paid-up shares	287,174,090	218,047,708	286,975,130	210,386,340
Bonus shares	28,717,410	28,717,410	28,717,410	28,717,410
Less: weighted average number of treasury shares	(17,160,223)	(9,581,745)	(15,616,842)	(8,195,060)
Weighted average number of shares outstanding	<u>298,731,277</u>	<u>237,183,373</u>	<u>300,075,698</u>	<u>230,908,690</u>
	<u>Fils</u>	<u>Fils</u>	<u>Fils</u>	<u>Fils</u>
Basic and diluted earnings per share attributable to equity holders of the Parent Company	<u>26.86</u>	<u>15.55</u>	<u>38.78</u>	<u>33.31</u>

Earnings per share reported for three months and six months ended June 30, 2006 were 17.70 fils 38.04 fils respectively before retroactive adjustment relating to the issue of bonus shares.

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17. Related party transactions

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

	<u>June 30,</u> <u>2007</u>	<u>December 31,</u> <u>2006</u> <u>(Audited)</u>	<u>June 30,</u> <u>2006</u>	
Balance sheet:				
Properties under development	12,761,861	10,215,927	7,723,450	
Accounts receivable and other debit balances	738,285	7,342,323	1,539,276	
Accounts payable and other credit balances	7,703,979	6,156,006	1,116,656	
Term loan	-	830,000	830,000	
Wakala payable	7,000,000	6,000,000	6,000,000	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Statement of income:				
Profit from sale of properties under development	141,770	1,617,413	850,620	5,031,951
Management fees, commission and consultancy income	373,497	491,127	646,662	492,190
Finance charges	419,986	128,625	543,397	276,201
Key management compensation:				
Salaries and other short term benefits	112,629	48,019	181,018	98,058
Terminal benefits	9,046	2,271	12,212	4,064
Share based payments	41,685	-	347,024	-

18. General Assembly

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

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

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19. Employee stock option plan

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

During the period ended June 30, 2007, 455,000 shares have vested. The Parent company is in the process of completing legal procedures relating to the transfer of title of these shares. The Group recognized an expense of KD 347,024 related to equity-settled share-based payment transactions during the period.

20. Fiduciary accounts

The Group manages projects on behalf of others, and maintains cash balances and notes receivable in fiduciary accounts, which are not reflected in the interim consolidated financial information. Assets under management at June 30, 2007, amounted to KD 9,371,330 (December 31, 2006 – KD Nil and June 30, 2006 – KD Nil).

21. Capital commitments

The Group has capital commitments in respect of construction of real estate amounting to KD 128,926,718 (December 31, 2006 - KD 64,568,622 and June 30, 2006 – KD 22,162,810).

22. Contingent liabilities

	June 30, 2007	December 31, 2006 (Audited)	June 30, 2006
Letters of guarantee	<u>25,643,145</u>	<u>21,389,400</u>	<u>5,688,000</u>

23. Comparative figures

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