

AIM TO CONSERVE



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

INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)

30 September 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 SEPTEMBER 30, 2007
(UNAUDITED)
WITH REVIEW REPORT ON INTERIM CONSOLIDATED
FINANCIAL INFORMATION

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AL-WAHA
AUDITING OFFICE
ALI OWAID RUKHAEYES



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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 September 30, 2007 and the related condensed consolidated statements of 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.

We did not review the interim financial information of the subsidiary, First Dubai for Real Estate Development Company K.S.C. (Closed), whose total assets and revenues constitute 20.41% and 13.86% of the respective consolidated totals. The financial information of the above mentioned subsidiary were reviewed by an other auditor, whose report was provided to us and our conclusion in so far as it relates to the amounts included in the interim consolidated financial information related to this subsidiary is based solely on the report of the other auditor.

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 report of the other auditor, 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 September 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
November 8, 2007

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

(All amounts are in Kuwaiti Dinars)

<u>ASSETS</u>	Notes	September 30, 2007	December 31, 2006 (Audited)	September 30, 2006
Cash and cash equivalents	3	23,740,636	16,096,502	7,021,728
Investments at fair value through income statement		27,016,361	21,815,983	20,889,577
Accounts receivable and other debit balances	4	28,927,032	29,320,889	34,259,729
Investment in joint ventures	5	5,873,906	1	19,815
Properties under development	6	83,560,443	44,444,236	37,056,965
Investment properties	7	86,483,448	43,226,075	36,542,075
Work in progress		673,936	1,075,479	1,114,103
Fixed assets		602,373	274,381	310,829
Leasehold land	8	1,820,635	-	-
Goodwill	1	1,063,458	920,096	851,748
		<u>259,762,228</u>	<u>157,173,642</u>	<u>138,066,569</u>
<u>LIABILITIES AND EQUITY</u>				
Liabilities:				
Bank overdraft		616,380	-	251,682
Accounts payable and other credit balances	9	46,531,308	21,292,064	24,790,772
Term loans	10	38,955,783	4,830,000	4,330,000
Wakala payable		7,000,000	6,000,000	6,000,000
Deferred consideration on acquisition of properties		63,257,159	33,421,846	26,618,179
Total liabilities		<u>156,360,630</u>	<u>65,543,910</u>	<u>61,990,633</u>
Equity:				
Capital	11	31,589,150	28,601,242	26,649,876
Share premium	12	33,234,971	32,758,688	24,758,086
Statutory reserve		4,514,191	4,514,191	2,073,451
Voluntary reserve		4,514,191	4,514,191	2,073,451
Treasury shares reserve		1,148,894	97,258	97,258
Employees' share option reserve	20	389,168	-	-
Assets revaluation surplus		1,038,731	1,038,731	1,038,731
Foreign currency translation adjustment		(394,333)	-	-
Effect of changes in subsidiary's equity		68,900	-	-
Retained earnings		27,683,232	23,290,875	22,945,595
Treasury shares	13	103,787,095 (3,786,094)	94,815,176 (7,013,148)	79,636,448 (6,975,544)
Minority interest		100,001,001 3,400,597	87,802,028 3,827,704	72,660,904 3,415,032
Total equity		<u>103,401,598</u> <u>259,762,228</u>	<u>91,629,732</u> <u>157,173,642</u>	<u>76,075,936</u> <u>138,066,569</u>

The accompanying notes (1) to (24) 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 SEPTEMBER 30, 2007
(All amounts are in Kuwaiti Dinars)

	Notes	Three months ended September 30,		Nine months ended September 30,	
		2007	2006	2007	2006
Profit from sale of properties under development	14	7,017,523	11,018,673	19,617,932	18,035,148
Management fees, commission and consultancy income	15	643,957	444,421	1,495,915	2,482,832
Gain from sale of investment properties		3,704,547	1,084,925	3,704,547	1,084,925
Loss on sale of rights to certain properties		-	(276,395)	-	(394,582)
Net investment (loss) income	16	(235,981)	804,025	352,487	829,653
Share of results from Joint Ventures	5	255,143	-	2,074,362	-
Interest income		116,498	42,650	385,074	45,110
Other income		1,100	16,535	5,356	86,202
Administrative expenses		(712,070)	(299,794)	(2,190,067)	(860,600)
Marketing expenses		(76,480)	(266,400)	(1,047,320)	(491,161)
Expenses related to equity settled share based payments	20	(42,144)	-	(389,168)	-
Depreciation		(58,883)	(14,199)	(107,543)	(28,907)
Provision for doubtful debts		-	(1,168,346)	-	(1,168,346)
Expenses on completed projects		(42,181)	-	(285,053)	-
Foreign exchange loss		(244,869)	(56,883)	(239,560)	(56,883)
Finance charges		(586,185)	(315,198)	(1,409,208)	(609,596)
Profit for the period before Contribution to Kuwait Foundation for the Advancement of Sciences and National Labor Support Tax		9,739,975	11,014,014	21,967,754	18,953,795
Contribution to Kuwait Foundation for the Advancement of Sciences		(67,685)	(98,147)	(149,968)	(169,605)
National Labor Support Tax		(242,909)	(294,266)	(543,406)	(471,125)
Net profit for the period		9,429,381	10,621,601	21,274,380	18,313,065
Attributable to:					
Equity holders of the Parent Company		9,405,796	10,512,797	21,042,879	18,204,261
Minority interest		23,585	108,804	231,501	108,804
Net profit for the period		9,429,381	10,621,601	21,274,380	18,313,065
		<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	17	30.34	39.19	69.64	75.84

The accompanying notes (1) to (24) 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 SEPTEMBER 30, 2007
 (All amounts are in Kuwaiti Dinars)

	Attributable to equity holders of the Parent Company										Total			
	Capital	Share premium	Statutory reserve	Voluntary reserve	Treasury shares reserve	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, 2006	28,601,242	32,758,688	4,514,191	4,514,191	97,258	1,038,731	1,038,731	-	-	23,290,875	(7,013,148)	87,802,028	3,827,704	91,629,732
Foreign currency translation adjustment	-	-	-	-	-	-	-	(394,333)	-	-	-	(394,333)	-	(394,333)
Gain on sale of treasury shares	-	-	-	-	1,051,636	-	-	-	-	-	-	1,051,636	-	1,051,636
Net income (expense) recognized directly in equity	-	-	-	-	1,051,636	-	-	(394,333)	-	21,042,879	-	21,042,879	231,501	657,303
Profit for the period	-	-	-	-	1,051,636	-	-	(394,333)	-	21,042,879	-	21,042,879	231,501	657,303
Total recognized income (expense) for the period	-	-	-	-	1,051,636	-	-	(394,333)	-	21,042,879	-	21,042,879	231,501	657,303
Increase in capital (Note 11)	116,167	-	-	-	-	-	-	-	-	-	-	-	-	116,167
Share premium	-	476,283	-	-	-	-	-	-	-	-	-	-	-	476,283
Cash dividend (2006 - 50 fils per share)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares (2006 - 10%)	2,871,741	-	-	-	-	-	-	-	-	-	-	-	-	2,871,741
Effect of changes in subsidiary's equity	-	-	-	-	-	-	-	-	68,900	-	-	-	-	68,900
Employees' share option reserve (Note 20)	-	-	-	-	-	389,168	-	-	-	-	-	-	-	389,168
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(5,340,625)	-	(5,340,625)	-	(5,340,625)
Sale of treasury shares	-	-	-	-	-	-	-	-	-	8,567,679	-	8,567,679	-	8,567,679
Acquisition of minority	-	-	-	-	-	-	-	-	-	-	-	-	(658,608)	(658,608)
Balance at September 30, 2007	31,589,150	33,234,971	4,514,191	4,514,191	1,148,894	1,038,731	1,038,731	(394,333)	68,900	27,683,232	(3,786,094)	100,007,001	3,400,697	103,407,598
Balance at December 31, 2005	15,150,000	30,000	2,073,451	2,073,451	97,258	-	-	-	-	13,456,881	(1,370,552)	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	-	-	-	-	-	-	97,258	-	97,258
Profit for the period	-	-	-	-	97,258	-	-	-	-	-	-	97,258	-	97,258
Total recognized income for the period	-	-	-	-	97,258	-	-	-	-	-	-	97,258	-	97,258
Cash dividends (2005 - 25 fils per share)	-	-	-	-	-	-	-	-	-	18,204,261	-	18,204,261	108,804	18,313,065
Increase in capital	7,712,376	-	-	-	-	-	-	-	-	-	-	-	-	7,712,376
Share premium	-	24,728,086	-	-	-	-	-	-	-	(3,595,545)	-	(3,595,545)	-	(3,595,545)
Bonus shares (2005 - 25%)	3,787,500	-	-	-	-	-	-	-	-	-	-	-	-	3,787,500
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	(6,019,616)	-	(6,019,616)	-	(6,019,616)
Sale of treasury shares	-	-	-	-	-	-	-	-	-	1,712,294	-	1,712,294	-	1,712,294
Effect of consolidating newly consolidated subsidiaries (Note 1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of minority from newly consolidated subsidiary (Note 1)	-	-	-	-	-	1,038,731	-	-	-	(1,332,502)	-	(1,591,431)	-	(1,591,431)
Balance at September 30, 2006	26,649,876	24,758,086	2,073,451	2,073,451	97,258	1,038,731	1,038,731	-	22,945,595	(6,975,544)	-	72,660,904	3,306,228	76,075,936

The accompanying notes (1) to (24) 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 SEPTEMBER 30, 2007

(All amounts are in Kuwaiti Dinars)

	Notes	Nine months ended September 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		21,967,754	18,953,795
Adjustments for:			
Net investment income		(352,487)	(829,653)
Depreciation		107,543	28,907
Interest income		(385,074)	(45,110)
Finance charges		1,409,208	609,596
Provision for doubtful debts		-	1,168,346
Gain on sale of investment properties		(3,704,547)	(1,084,925)
Share of result from joint ventures		(2,074,362)	-
Expenses related to equity settled share based payments		389,168	-
Provision for end of service indemnity		62,789	-
Operating profit before working capital changes		17,419,992	18,800,956
Decrease (increase) in accounts receivable and other debit balances		573,842	(19,328,609)
Decrease in property held for sale		-	3,560,694
Increase in properties under development		(21,365,653)	(745,253)
Increase in work in progress		(587,587)	-
Increase in accounts payable and other credit balances		23,648,629	6,157,193
Increase in deferred consideration on acquisition of properties		29,835,313	17,064,576
Cash generated from operations		49,524,536	25,509,557
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		(21,019)	-
Net cash generated from operating activities		48,677,135	25,099,592
Cash flows from investing activities:			
Increase of investments at fair value through income statement		(5,258,588)	(1,837,253)
Cash dividend received		574,638	225,000
Interest income received		325,474	-
Net movement in investment properties		(55,774,893)	(30,265,632)
Paid against increase in equity holding of a subsidiary		(35,480)	-
Increase in investment in joint ventures		(3,799,543)	-
Increase in leasehold land		(1,820,635)	-
Purchase of fixed assets		(435,051)	(194,981)
Net cash used in investing activities		(66,224,078)	(32,072,866)

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

	Notes	Nine months ended September 30,	
		2007	2006
Cash flows from financing activities:			
Proceed from bank overdraft		616,380	251,682
Paid up capital		-	4,307,909
Share premium received		-	10,769,771
Increase in term loans		34,093,783	3,000,000
Paid for purchase of treasury shares		(5,340,625)	(6,019,616)
Cash dividends paid		(13,444,021)	(3,127,768)
Finance charges paid		(1,002,194)	(551,355)
Increase in Wakala payable		968,000	-
Proceeds from sale of treasury shares		9,619,315	1,809,552
Movement in equity of subsidiary		68,900	-
Net cash generated from financing activities		<u>25,579,538</u>	<u>10,440,175</u>
Net increase in cash and cash equivalents		8,032,595	3,466,901
Foreign currency translation adjustment		(394,333)	-
Cash balance related to increase in equity holding in a subsidiary		5,872	324,629
Cash and cash equivalents at the beginning of the period		<u>16,096,502</u>	<u>3,230,198</u>
Cash and cash equivalents at the end of the period	3	<u><u>23,740,636</u></u>	<u><u>7,021,728</u></u>

The accompanying notes (1) to (24) 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)
SEPTEMBER 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		
		September 30, 2007 %	December 31, 2006 %	September 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
Mazaya Lamartien - S.A.L.	Lebanon	100	100	100
First Dubai for Real Estate Development Company - K.S.C. (Closed)	Kuwait	91.6	90	90

As of September 30, 2007, the Parent Company acquired additional 1.6 % interest in the equity of First Dubai for Real Estate Development Company - K.S.C. (Closed) for an amount of KD 627,930. The goodwill resulting from the additional acquisition of this subsidiary is as follows:

Consideration paid	35,480
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	(484,568)
Goodwill	<u>143,362</u>

These interim consolidated financial information were approved for issue by the board of Directors on November 8, 2007.

AL MAZAYA HOLDING COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
SEPTEMBER 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 September 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

	September 30, 2007	December 31, 2006 (Audited)	September 30, 2006
Cash and bank balances	20,946,933	2,359,581	4,769,470
Deposits maturing within three months	2,750,000	13,587,173	2,000,000
Short term money market fund	43,703	149,748	252,258
	<u>23,740,636</u>	<u>16,096,502</u>	<u>7,021,728</u>

Fixed deposits earn an average interest rate of 7.5 % (December 31, 2006 – 5.25% and September 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

	September 30, 2007	December 31, 2006 (Audited)	September 30, 2006
Trade receivable	21,202,892	15,894,499	11,872,549
Advances to contractors	3,745,849	5,731,030	7,135,846
Amount due from related parties	2,247,175	7,342,323	15,652,275
Staff receivable	40,116	27,510	31,910
Other receivable	1,691,000	325,527	735,495
	<u>28,927,032</u>	<u>29,320,889</u>	<u>35,428,075</u>
Provision for doubtful debts	-	-	(1,168,346)
	<u>28,927,032</u>	<u>29,320,889</u>	<u>34,259,729</u>

Other receivable include an amount of KD 1,013,314 against sale of investment properties in the books of one of the subsidiaries.

AL MAZAYA HOLDING COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
SEPTEMBER 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 2,074,362 has been included in the accompanying interim consolidated financial information.

6. Properties under development

	September 30, 2007	December 31, 2006 (Audited)	September 30, 2006
Cost incurred to date plus recognized profit	126,338,792	5,670,248	12,906,066
Amount transfer from rights to certain properties	-	15,300,318	9,407,246
Addition relating to the newly consolidated subsidiaries	-	47,063,469	37,500,908
Transfer from work in progress	-	3,599,318	-
Less: Progress billings	(42,778,349)	(27,189,117)	(22,757,255)
	<u>83,560,443</u>	<u>44,444,236</u>	<u>37,056,965</u>

7. Investment properties

	September 30, 2007	December 31, 2006 (Audited)	September 30, 2006
Balance at the beginning of the period / year	43,226,075	400,925	400,925
Transfer to properties under development	(17,290,794)	-	-
Additions during the period / year	65,864,065	32,736,485	31,350,557
Addition relating to the newly consolidated subsidiaries	-	6,780,670	4,790,593
Changes in fair value of investment properties	-	3,307,995	-
Disposals	(5,315,898)	-	-
Balance at the end of the period / year	<u>86,483,448</u>	<u>43,226,075</u>	<u>36,542,075</u>

8. Leasehold land

Leasehold land represents a land leased from a Bahrini Company through one of the subsidiaries.

AL MAZAYA HOLDING COMPANY K.S.C. (CLOSED) AND SUBSIDIARIES
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9. Accounts payable and other credit balances

	September 30, 2007	December 31, 2006 (Audited)	September 30, 2006
Trade payable	22,421,529	8,442,293	5,127,576
Advances received from customers	18,723,424	3,171,914	154,250
Due to related parties	3,072,287	6,156,006	4,734,670
Dividend payable	902,578	605,209	613,177
Payable for acquisition of subsidiary	-	-	9,883,968
Other payables and accrued expenses	1,411,490	2,916,642	4,277,131
	46,531,308	21,292,064	24,790,772

10. Term loans

Term loans carry interest rates ranging from 7.5% to 8.5% (December 31, 2006 – 7.5% and September 30, 2006 – 7.5%) per annum.

11. Capital

During the period ended September 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:

	September 30, 2007	December 31, 2006 (Audited)	September 30, 2006
Authorized capital (shares)	316,171,500	287,454,090	287,454,090
Authorized capital (KD)	31,617,150	28,745,409	28,745,409
Issued and paid up capital (shares)	315,891,500	286,012,420	266,498,760
Issued and paid up capital (KD)	31,589,150	28,601,242	26,649,876
Number of unsubscribed shares (shares)	280,000	1,441,670	20,955,330

12. 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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13. Treasury shares

	<u>September 30,</u> <u>2007</u>	December 31, 2006 (Audited)	<u>September 30,</u> <u>2006</u>
Number of shares (shares)	7,240,575	13,728,702	13,666,002
Percentage of issued shares (%)	2.29%	4.80%	5.13%
Market value (KD)	4,054,722	9,335,517	8,199,601
Cost (KD)	3,786,094	7,013,148	6,975,544

14. Profit from sale of properties under development

	<u>Three months ended</u> <u>September 30,</u>		<u>Nine months ended</u> <u>September 30,</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Revenue from sale	44,884,784	17,824,720	65,787,968	34,441,887
Cost of sale	(37,867,261)	(6,806,047)	(46,170,036)	(16,406,739)
	<u>7,017,523</u>	<u>11,018,673</u>	<u>19,617,932</u>	<u>18,035,148</u>

15. 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.

16. Net investment (loss) income

	<u>Three months ended</u> <u>September 30,</u>		<u>Nine months ended</u> <u>September 30,</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Unrealized (loss) gain from investments at fair value through income statement	(277,426)	800,553	(270,512)	538,739
Realized gain on sale of investments at fair value through income statement	41,445	3,472	48,361	65,914
Dividend income	-	-	574,638	225,000
	<u>(235,981)</u>	<u>804,025</u>	<u>352,487</u>	<u>829,653</u>

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17. 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. The dilutive effect of share options outstanding has no material impact on earnings per share for the period.

	Three months ended September 30,		Nine months ended September 30,	
	2007	2006	2007	2006
Net profit for the period attributable to equity holders of the Parent Company	<u>9,405,796</u>	<u>10,512,797</u>	<u>21,042,879</u>	<u>18,204,261</u>
	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>
Weighed average number of issued and fully paid-up shares	287,174,090	243,943,664	287,042,179	221,695,035
Bonus shares	28,717,410	28,717,410	28,717,410	28,717,410
Less: weighted average number of treasury shares	<u>(5,870,167)</u>	<u>(4,404,795)</u>	<u>(13,592,398)</u>	<u>(10,380,288)</u>
Weighted average number of shares outstanding	<u>310,021,333</u>	<u>268,256,279</u>	<u>302,167,191</u>	<u>240,032,157</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>30.34</u>	<u>39.19</u>	<u>69.64</u>	<u>75.84</u>

Basic earnings per share reported for three months and nine months ended September 30, 2006 were 43.81 fils and 85.76 fils respectively before retroactive adjustment relating to issue of bonus shares.

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18. 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>September 30,</u> <u>2007</u>	<u>December 31,</u> <u>2006</u> <u>(Audited)</u>	<u>September 30.</u> <u>2006</u>	
Balance sheet:				
Properties under development	13,706,079	10,215,927	9,057,877	
Accounts receivable and other debit balances	2,247,175	7,342,323	15,652,275	
Accounts payable and other credit balances	3,072,287	6,156,006	4,734,670	
Term loan	-	830,000	830,000	
Wakala payable	7,000,000	6,000,000	6,000,000	
	<u>Three months ended</u> <u>September 30,</u>		<u>Nine months ended</u> <u>September 30,</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Statement of income:				
Profit from sale of properties under development	70,885	10,624,867	921,505	15,656,818
Management fees, commission and consultancy income	306,353	302,496	964,985	907,788
Finance charges	123,673	135,580	500,798	411,781
Key management compensation:				
Salaries and other short term benefits	100,300	53,979	300,901	152,037
Terminal benefits	4,352	2,271	13,056	6,336
Share based payments	4,444	-	389,168	-

19. 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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20. 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 September 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 389,168 related to equity-settled share-based payment transactions during the period.

21. 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, 2007, amounted to KD 6,027,145 (December 31, 2006 – KD Nil and September 30, 2006 – KD 500,000).

22. Capital commitments

The Group has capital commitments in respect of construction of real estate amounting to KD 131,780,859 (December 31, 2006 - KD 64,568,622 and September 30, 2006 – KD 21,217,346).

23. Contingent liabilities

	September 30, 2007	December 31, 2006 (Audited)	September 30, 2006
Letters of guarantee	<u>24,944,145</u>	<u>21,389,400</u>	<u>6,588,000</u>

24. Comparative figures

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