

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

INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)

30 September 2008



MAZAYA

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

INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED SEPTEMBER 30, 2008
(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 September 30, 2008 and the related interim 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 these interim consolidated financial information based on our review.

We did not review the interim financial information of Future International Project Management W.L.L. (a subsidiary of a subsidiary) whose total assets constitute 14.22% of the consolidated totals. The financial information of the above mentioned subsidiary were audited by another auditor, whose report was provided to us and our conclusion in so far as it related to the amounts indicated in the interim condensed consolidated financial information related to that subsidiary is based solely on the report of the other auditor.

Scope of Review

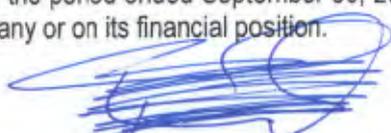
We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim consolidated financial information consists of making inquiries, primarily of persons responsible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

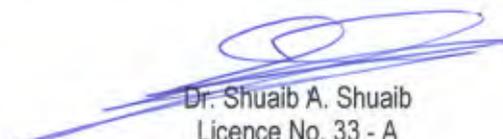
Based on our review and the report of the other auditor, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial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

Report on other Legal and Regulatory Requirements

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



Ali Owaid Rukh Hayes
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Dr. Shuaib A. Shuaib
Licence No. 33 - A
Albazie & Co.
Member of RSM International

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

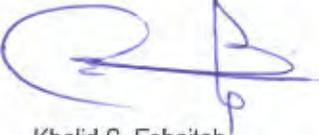
AS OF SEPTEMBER 30, 2008

(All amounts are in Kuwaiti Dinars)

		September 30, 2008	December 31, 2007 (Audited)	September 30, 2007
ASSETS				
Cash and cash equivalents	Notes 3	55,773,710	27,500,543	23,740,636
Investments at fair value through income statement	4	2,240,835	17,171,474	27,016,361
Accounts receivable and other debit balances	5	37,401,633	43,268,002	28,927,032
Properties held for trading	6	20,940,369	-	-
Investments available for sale	7	44,265,617	11,728,068	-
Investment in joint ventures	8	15,306,203	7,016,428	5,873,906
Properties under development	9	189,974,222	122,359,810	83,560,443
Investment properties		14,022,399	25,662,337	86,483,448
Work in progress	10	28,885,439	8,824,150	673,936
Fixed assets		675,183	764,156	602,373
Leasehold land		1,711,369	1,766,002	1,820,635
Goodwill	2	19,387,087	1,005,927	1,063,458
		430,584,066	267,066,897	259,762,228
LIABILITIES AND EQUITY				
Liabilities:				
Bank overdrafts		-	-	616,380
Accounts payable and other credit balances	11	104,693,166	47,728,304	46,434,278
Term loans	12	42,158,619	54,754,329	38,955,783
Wakala and Murabaha payables		3,146,330	10,039,068	7,000,000
Gross amount due to customers for properties under development		3,915,281	-	-
Deferred consideration on acquisition of properties		34,533,868	38,699,426	63,257,159
End of service indemnity		195,781	108,520	97,030
Total liabilities		188,643,045	151,329,647	156,360,630
Equity:				
Capital	13	45,406,980	31,589,150	31,589,150
Share premium	13	75,714,971	33,234,971	33,234,971
Statutory reserve		7,777,758	7,777,758	4,514,191
Voluntary reserve		7,777,758	7,777,758	4,514,191
Treasury shares reserve		1,561,889	1,359,542	1,148,894
Employees' share option reserve		-	-	389,168
Cumulative changes in fair value		122,648	-	-
Assets revaluation surplus		623,239	1,038,731	1,038,731
Foreign currency translation adjustments		(2,585,431)	(2,433,513)	(394,333)
Effect of changes in subsidiary's treasury shares		(457,645)	-	-
Effect of changes in subsidiary's equity		50,671	68,900	68,900
Retained earnings		62,819,871	31,715,370	27,683,232
		198,812,709	112,128,667	103,787,095
Treasury shares	14	(16,918,480)	(2,889,821)	(3,786,094)
		181,894,229	109,238,846	100,001,001
Minority interest		60,046,792	6,498,404	3,400,597
Total equity		241,941,021	115,737,250	103,401,598
		430,584,066	267,066,897	259,762,228

The accompanying notes (1) to (24) form an integral part of the interim consolidated financial information


Rashid Y. Al-Nafisi
Chairman


Khalid S. Esbaitah
Vice Chairman and Managing Director

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

	Notes	Three months ended September 30,		Nine months ended September 30,	
		2008	2007	2008	2007
Revenues					
Revenue from sale of properties completed and under development		38,320,849	44,884,784	72,952,336	65,787,968
Revenue from sale of properties held for trading		48,552	-	27,526,766	-
Revenue from sale of investment properties	15	6,563	9,020,445	2,574,513	9,020,445
Total revenues		38,375,964	53,905,229	103,053,615	74,808,413
Cost of revenues					
Cost of sale of properties completed and under development		(18,680,221)	(37,867,261)	(39,312,994)	(46,170,036)
Cost of sale of properties held for trading	6	-	-	(18,469,034)	-
Cost of sale of investment properties		-	(5,315,898)	-	(5,315,898)
Total cost of revenues		(18,680,221)	(43,183,159)	(57,782,028)	(51,485,934)
Gross profit		19,695,743	10,722,070	45,271,587	23,322,479
Management fees, commission and consultancy income		508,649	643,957	4,553,870	1,495,915
Net investment income (loss)	16	344,466	(235,981)	1,474,426	352,487
Gain on partial disposal of a subsidiary	2	1,056,868	-	4,448,623	-
Gain on sale of waiver of subscription in a subsidiary	17	20,775,112	-	20,775,112	-
Dilution loss	2	(2,609,170)	-	(2,609,170)	-
Group's share of results from joint ventures	8	(2,794)	255,143	1,039,384	2,074,362
Marketing expenses		(315,546)	(76,480)	(826,722)	(1,047,320)
Administrative expenses		(2,904,254)	(712,070)	(5,635,269)	(2,190,067)
Expenses related to equity settled share based payments		(840,478)	(42,144)	(2,278,759)	(389,168)
Depreciation and amortization		(71,235)	(58,883)	(243,605)	(107,543)
Expenses on completed projects		(37,514)	(42,181)	(350,590)	(285,053)
Foreign currency exchange gain (loss)		193,154	(244,869)	1,200,240	(239,560)
Interest income		156,722	116,498	971,484	385,074
Finance charges		(382,029)	(586,185)	(2,787,710)	(1,409,208)
Other income		(942)	1,100	32,052	5,356
Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences, National Labor Support Tax and contribution to Zakat		35,566,752	9,739,975	65,034,953	21,967,754
Contribution to Kuwait Foundation for the Advancement of Sciences		(134,422)	(67,685)	(278,714)	(149,968)
National Labor Support Tax		(710,030)	(242,909)	(1,371,969)	(543,406)
Contribution to Zakat		(125,871)	-	(270,916)	-
Net profit for the period		34,596,429	9,429,381	63,113,354	21,274,380
Attributable to:					
Equity holders of the Parent Company		27,768,547	9,405,796	53,034,316	21,042,879
Minority interest		6,827,882	23,585	10,079,038	231,501
Net profit for the period		34,596,429	9,429,381	63,113,354	21,274,380
		Fils	Fils	Fils	Fils
Earnings per share attributable to the equity holders of the Parent Company	18	62.57	25.28	130.32	58.03

The accompanying notes (1) to (24) form an integral part of the interim consolidated financial information

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

	Attributable to equity holders of the Parent Company												
	Capital	Share premium	Reserves	Cumulative changes in fair value	Assets revaluation surplus	Foreign currency translation adjustments	Effect of changes in subsidiary's treasury shares	Effect of changes in subsidiary's equity	Retained earnings	Treasury shares	Subtotal	Minority interest	Total
Balance at December 31, 2007	31,588,150	33,234,971	18,915,058	-	1,038,731	(2,433,513)	-	68,900	31,715,370	(7,889,821)	105,238,846	6,488,404	115,737,250
Foreign currency translation adjustments	-	-	-	-	-	(151,918)	-	-	-	-	(151,918)	-	(151,918)
Cumulative changes in fair value	-	-	-	122,648	-	-	-	-	-	-	122,648	-	122,648
Related to disposal of revalued assets	-	-	-	-	(415,492)	-	-	-	-	-	(415,492)	-	(415,492)
Gain on sale of treasury shares	-	-	202,347	-	-	-	-	-	202,347	-	-	-	202,347
Net income (loss) recognized directly in equity	-	-	202,347	122,648	(415,492)	(151,918)	-	-	(242,415)	-	(242,415)	-	(242,415)
Net profit for the period	-	-	202,347	122,648	(415,492)	(151,918)	-	-	53,034,316	-	53,034,316	10,079,038	63,113,354
Total recognized income (loss) for the period	7,500,000	-	202,347	122,648	(415,492)	(151,918)	-	-	53,034,316	-	52,791,301	10,079,038	62,870,338
Increase in capital (Note 13)	-	-	-	-	-	-	-	-	-	-	7,500,000	-	7,500,000
Share premium	-	42,480,000	-	-	-	-	-	-	-	-	42,480,000	-	42,480,000
Cash dividends (2007 - 50 fils per share)	-	-	-	-	-	-	-	-	-	-	(15,611,985)	-	(15,611,985)
Bonus shares (2007 - 20%)	8,317,830	-	-	-	-	-	-	(18,228)	(8,317,830)	-	-	-	(18,228)
Effect of changes in subsidiary's equity	-	-	-	-	-	-	(457,645)	(18,228)	-	(14,928,205)	(457,645)	-	(457,645)
Effect of changes in subsidiary's treasury shares	-	-	-	-	-	-	-	-	-	900,546	(14,928,205)	-	(14,928,205)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	900,546	-	-	900,546
Sale of treasury shares	-	-	-	-	-	-	-	-	-	-	-	14,291,708	14,291,708
Effect of acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	28,177,642	28,177,642
Net movement in minority interest	-	-	-	-	-	-	-	-	-	-	-	66,046,792	66,046,792
Balance at September 30, 2008	45,486,980	75,714,971	17,117,405	122,648	623,239	(2,585,431)	(457,645)	50,671	62,819,871	(15,918,480)	181,894,229	66,046,792	241,941,021
Balance at December 31, 2005	28,601,242	32,758,688	9,126,640	-	1,038,731	-	-	-	23,290,875	(7,013,145)	87,802,028	3,827,704	91,829,732
Foreign currency translation adjustments	-	-	-	-	-	(394,333)	-	-	-	-	(394,333)	-	(394,333)
Gain on sale of treasury shares	-	-	1,051,636	-	-	-	-	-	-	-	1,051,636	-	1,051,636
Net income (loss) recognized directly in equity	-	-	1,051,636	-	-	(394,333)	-	-	21,042,879	-	21,042,879	231,501	21,274,380
Net profit for the period	-	-	1,051,636	-	-	(394,333)	-	-	21,042,879	-	21,042,879	231,501	21,274,380
Total recognized income (loss) for the period	-	-	1,051,636	-	-	(394,333)	-	-	21,042,879	-	21,042,879	231,501	21,274,380
Increase in capital	116,167	-	-	-	-	-	-	-	-	-	116,167	-	116,167
Share premium	-	475,283	-	-	-	-	-	-	-	-	475,283	-	475,283
Cash dividends (2006 - 50 fils per share)	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares (2006 - 10%)	2,871,741	-	-	-	-	-	-	68,300	(2,871,741)	-	-	-	-
Effect of changes in subsidiary's equity	-	-	-	-	-	-	-	68,300	-	-	68,300	-	68,300
Employees' share option reserve	-	-	389,168	-	-	-	-	-	-	-	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
Net movement in minority interest	-	-	-	-	-	-	-	-	-	-	-	(659,608)	(659,608)
Balance at September 30, 2007	31,588,150	33,234,971	10,565,444	-	1,038,731	(394,333)	-	68,900	27,683,232	(3,786,094)	100,007,001	3,400,597	103,407,598

The accompanying notes (1) to (24) form an integral part of the interim consolidated financial information

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

	Nine months ended September 30,	
	2008	2007
Cash flows from operating activities:		
Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences, National Labour Support Tax and contribution to Zakat	65,034,953	21,967,754
Adjustments for:		
Net investment income	(1,474,426)	(352,487)
Gain on partial disposal of a subsidiary	(4,448,623)	-
Gain on sale of waiver of subscription in a subsidiary	(20,775,112)	-
Dilution loss	2,609,170	-
Group's share of results from joint ventures	(1,039,384)	(2,074,362)
Expenses related to equity settled share based payments	2,278,759	389,168
Depreciation and amortization	243,605	107,543
Interest income	(971,484)	(385,074)
Finance charges	2,787,710	1,409,208
Foreign currency exchange (gain) loss	(1,200,240)	239,560
Provision for end of service indemnity	96,274	62,789
	<u>43,141,202</u>	<u>21,364,099</u>
Changes in operating assets and liabilities:		
Accounts receivable and other debit balances	6,778,006	573,842
Properties held for trading	(7,027,213)	-
Properties under development	(46,195,432)	(21,365,653)
Work in progress	(2,839,595)	(587,587)
Accounts payable and other credit balances	47,217,843	23,409,069
Gross amount due to customers for properties under development	3,965,007	-
Deferred consideration on acquisition of properties	(4,629,011)	29,835,313
	<u>40,410,807</u>	<u>53,229,083</u>
Paid to Kuwait Foundation for the Advancement of Sciences	(249,078)	(216,197)
Paid to National Labour Support Tax	(691,883)	(610,185)
Paid to Zakat	(17,556)	-
End of service indemnity paid	(8,305)	(21,019)
Net cash generated from operating activities	<u>39,443,985</u>	<u>52,381,682</u>
Cash flows from investing activities:		
Purchase of investments at fair value through income statement	(13,252,984)	(5,258,588)
Proceeds from sale of investments at fair value through income statement	29,216,111	-
Purchase of investments available for sale	(22,397,671)	-
Proceeds from sale of investments available for sale	1,144,838	-
Proceeds from partial disposal of a subsidiary	4,886,033	-
Proceeds from sale of waiver of subscription in a subsidiary	20,775,112	-
Paid against increase in equity holding of subsidiaries	(55,472,839)	(35,480)
Investment in joint ventures	(7,437,414)	(3,799,543)
Net movement of investment properties	(1,195,990)	(59,479,440)
Interest income received	967,518	325,474
Dividend income received	345,964	574,638
Paid against acquisition of leasehold land	-	(1,820,635)
Purchase of fixed assets	(109,953)	(435,051)
Net cash used in investing activities	<u>(42,531,275)</u>	<u>(69,928,625)</u>

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, 2008

(All amounts are in Kuwaiti Dinars)

	Nine months ended September 30,	
	2008	2007
Cash flows from financing activities:		
Proceed from bank overdrafts	-	616,380
Increase in capital	49,980,000	-
Movement in term loans	(12,424,030)	34,093,783
Paid for purchase of treasury shares	(14,929,205)	(5,340,625)
Cash dividends paid	(15,523,980)	(13,444,021)
Finance charges paid	(2,873,388)	(1,002,194)
Movement in Wakala and Murabaha payables	(6,838,275)	968,000
Proceeds from sale of treasury shares	275,724	9,619,315
Movement in minority	27,496,848	-
Movement in equity of a subsidiary	(475,874)	68,900
Net cash generated from financing activities	<u>24,687,820</u>	<u>25,579,538</u>
Net increase in cash and cash equivalents	21,600,530	8,032,595
Foreign currency translation adjustments	618,853	(394,333)
Cash balance related to movement in equity holding in a subsidiary	(86,024)	5,872
Cash balance related to a newly consolidated subsidiary	6,139,808	-
Cash and cash equivalents at beginning of the period	<u>27,500,543</u>	<u>16,096,502</u>
Cash and cash equivalents at the end of period (Note 3)	<u>55,773,710</u>	<u>23,740,636</u>

The accompanying notes (1) to (24) form an integral part of the interim consolidated financial information

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

(All amounts are in Kuwaiti Dinars)

1. Incorporation and activities of the Group

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

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

These interim consolidated financial information were approved for issue by the Board of Directors on October 21, 2008.

2. Basis of preparation

The interim consolidated financial information of the company has been prepared in accordance with International Accounting Standard 34, Interim consolidated financial Reporting. The accounting policies used in the preparation of the interim consolidated financial information are consistent with those used in the preparation of the audited financial statements for the year ended December 31, 2007, except for:

- The change in policy for borrowing costs incurred on qualifying assets under IAS 23 Borrowing costs. Until December 31, 2007, the Group's accounting policy was to expense borrowing costs incurred on the income statement. Under the revised policy, borrowing costs are capitalized, if they are directly attributable to a project, as part of properties under development, over the period of the construction until the project concerned is completed and becomes ready for its intended use, on the basis of actual borrowings and actual expenditure incurred on the project. Capitalization of borrowing costs ceases when substantially all activities necessary to prepare the project for its intended use are complete. The following new accounting policy has been adopted by the Group during the period for properties held for trading under IAS 2 Inventories.
- The Group classifies properties intended for sale in the ordinary course of business in the short term as properties held for trading. Properties held for trading are initially recorded at cost being its purchase price and any directly attributable acquisition costs. After initial recognition, properties held for trading are stated at the lower of cost or net realizable value.

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, 2008 are not necessarily indicative of the results that may be expected for the year ending December 31, 2008. For further information, refer to the financial statements and notes thereto for the year ended December 31, 2007.

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

(All amounts are in Kuwaiti Dinars)

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, 2008 %	December 31, 2007 % (Audited)	September 30, 2007 %
Al Mazaya Real Estate Development Company – K.S.C. (Closed)	Kuwait	100	100	100
Al Mazaya Real Estate FZ/LLC and its subsidiaries:	U.A.E	100	100	100
Al Dana Real Estate Limited	U.A.E	100	100	100
Al Rayhan Real Estate Limited	U.A.E	100	100	100
Advantage General Trading Co. W.L.L.	U.A.E	100	100	-
Al Mazaya Al Khalijia for General Trading and Contracting – Khalid S. Esbaitah and Partners – W.L.L.	Kuwait	100	100	100
Al Mazaya Arabian Real Estate Company – Khalid S. Esbaitah and Partners – W.L.L.	Kuwait	100	100	100
Al Mazaya International for Projects Management Company – Khalid S. Esbaitah and Partners – W.L.L.	Kuwait	100	100	100
Mazaya Lebanon Company - S.A.L. (Holding) and its subsidiary:	Lebanon	100	100	100
Mazaya Lamartien – S.A.L.	Lebanon	100	100	100
Seven Zones Real Estate Company K.S.C.C	Kuwait	100	-	-
First Dubai Real Estate Development Company - K.S.C. (Closed) and its subsidiary:	Kuwait	66.57	81.78	91.6
Future International Project Management – W.L.L. and its subsidiary:	Kuwait	77.89	-	-
Water Front Real Estate Company K.S.C.	Kuwait	91.97	-	-

During the period, the Parent Company acquired additional 0.37% interest in the equity of First Dubai Real Estate Development Company - K.S.C. (Closed) for an amount of KD 2,247,839 which resulted in increase in the goodwill of KD 1,680,793.

Also during the period, the Parent Company sold a portion of its interest in the equity of First Dubai Real Estate Development Company – K.S.C. (Closed) representing 15.58% resulting in a gain of KD 4,448,623. The decrease in the goodwill related to the sale transaction amounted to KD 461,874.

Based on all the mentioned above, the goodwill movement from this subsidiary is as follows:

	September 30, 2008
Beginning balance	1,005,927
Related to additions	2,247,839
Less: The group's share of fair value of identifiable assets and liabilities at the date of the acquisition	(567,046)
Net goodwill	2,686,720
Related to disposals	(461,874)
Ending balance	2,224,846

During the period ended September 30, 2008, First Dubai Real Estate Development increased its authorized capital to 1,000,000,000 shares. The fully paid up capital amounted to 948,358,940 shares. The Parent Company sold a portion of its waiver of subscription in the subsidiary's capital increase. This resulted in a dilution loss amounting to KD 2,609,170.

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During the period ended September 30, 2008, a subsidiary to the Group (First Dubai Real Estate Development Company K.S.C.C.) acquired 77.89% in equity of Future International Project Management – W.L.L. which in turn owns 91.97% in equity of Water Front Real Estate Company K.S.C.C. Accordingly, the balances in the interim consolidated financial information of the Group include the following assets and liabilities for this subsidiary, while the comparative figures for the year ended December 31, 2007 and the period ended September 30, 2007 do not include such information:

	<u>Amount</u>
<u>Balance sheet:</u>	
Cash and cash equivalents	6,139,808
Accounts receivable and other debit balances	2,401,754
Investments available for sale	11,128,931
Properties under development	41,547,608
Accounts payable and other credit balances	10,859,723
Minority interest	4,042,433

The goodwill resulting from the acquisition of this subsidiary is as follows:

Consideration paid	53,225,000
Less: Fair value of identifiable assets and liabilities at the date of the acquisition	<u>(36,062,759)</u>
	<u>17,162,241</u>

The goodwill pertaining to the additional equity interest acquired in Future International Project Management – W.L.L. has been provisionally determined as the management is in the process of determining the fair values of identifiable assets, liabilities and contingent liabilities acquired.

Total goodwill

Related to First Dubai Real Estate Development K.S.C. (Closed)	2,224,846
Related to Future International Project Management — W.L.L.	<u>17,162,241</u>
	<u>19,387,087</u>

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

	<u>Amount</u>
<u>Balance sheet:</u>	
Accounts receivable and other debit balances	477,441
Investment in joint venture	7,423,135
Accounts payable and other credit balances	1,528,489
<u>Income statement:</u>	
Management, commission and consultancy income	318,547
Share of results from joint venture	(14,279)

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3. Cash and cash equivalents

	September 30, 2008	December 31, 2007 (Audited)	September 30, 2007
Cash and bank balances	34,703,184	10,216,087	20,946,933
Short term bank deposits	20,999,850	11,500,000	2,750,000
Cash in investment portfolios	70,676	5,784,456	43,703
	<u>55,773,710</u>	<u>27,500,543</u>	<u>23,740,636</u>

Short term bank deposits earn an average interest rate of 6.5% (December 31, 2007 - 7.08 % and September 30, 2007 – 7.5 %) per annum.

4. Investments at fair value through income statement

	September 30, 2008	December 31, 2007 (Audited)	September 30, 2007
Balance at the beginning of the period / year	17,171,474	19,555,139	21,815,983
Additions	13,252,984	3,898,708	9,588,922
Disposals	(27,847,270)	(6,607,450)	(4,118,032)
Unrealized (loss) gain from changes in fair value of investments at fair value through income statement	(336,353)	325,077	(270,512)
Balance at the end of the period / year	<u>2,240,835</u>	<u>17,171,474</u>	<u>27,016,361</u>

5. Accounts receivable and other debit balances

	September 30, 2008	December 31, 2007 (Audited)	September 30, 2007
Trade receivables	13,171,279	25,060,707	21,202,892
Advance payments	8,912,908	9,450,941	3,745,849
Murabaha receivable	6,139,808	-	-
Due from related parties (Note 19)	5,485,328	7,770,607	2,247,175
Other receivables	3,692,310	985,747	1,731,116
	<u>37,401,633</u>	<u>43,268,002</u>	<u>28,927,032</u>

6. Properties held for trading

	September 30, 2008
Additions	25,496,248
Transfer from investment properties	13,691,787
Transfer from properties under development	484,079
Disposals	(18,469,034)
Foreign currency translation adjustments	(262,711)
Balance at the end of the period	<u>20,940,369</u>

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7. Investments available for sale

	September 30, 2008	December 31, 2007 (Audited)
Balance at the beginning of the period / year	11,728,068	2,260,844
Additions	22,397,671	9,657,010
Additions relating to a newly consolidated subsidiary (Note 2)	11,128,931	-
Disposals	(1,108,150)	(189,786)
Changes in fair value of investments available for sale	122,648	-
Foreign currency translation adjustments	(3,551)	-
Balance at the end of the period / year	<u>44,265,617</u>	<u>11,728,068</u>

8. Investment in joint ventures

	September 30, 2008	December 31, 2007 (Audited)	September 30, 2007
Balance at the beginning of the period / year	7,016,428	1	1
Additions	7,437,414	3,726,877	3,929,649
Group's share of results from joint ventures	1,039,384	3,398,690	2,074,362
Foreign currency translation adjustments	(187,023)	(109,140)	(130,106)
Balance at the end of the period / year	<u>15,306,203</u>	<u>7,016,428</u>	<u>5,873,906</u>

During the period, the Group invested an amount of KD 7,437,414 in the new joint venture Seven Zone Kuwait, the Group's share of loss from the joint venture is amounting to KD 14,279 for the period ended September 30, 2008.

9. Properties under development

	September 30, 2008	December 31, 2007 (Audited)	September 30, 2007
Cost incurred to date	249,499,709	201,611,808	112,119,684
Recognized profit	49,766,548	15,612,024	14,219,108
Transfer from work in progress	-	6,780,670	-
Transfer to work in progress	(17,221,694)	-	-
Transfer to properties held for trading	(484,079)	-	-
Transfer from investment properties	130,954	-	-
Additions relating to a newly consolidated subsidiary (Note 2)	41,547,608	-	-
Less: Progress billings	(133,264,824)	(101,644,692)	(42,778,349)
	<u>189,974,222</u>	<u>122,359,810</u>	<u>83,560,443</u>

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The movement in recognized profit on projects under development is as follows:

	September 30, 2008
Balance at the beginning of the period	15,612,024
Profit recognized for the period	33,639,342
Transferred to gross amount due to customers for properties under development	(476,198)
Transferred to advances received from customers	(1,239,716)
Reversal of excess of fair value due to sale	3,739,432
Foreign currency translation adjustment	(1,508,336)
Balance at the end of the period	<u>49,766,548</u>

Properties under development include interest capitalized on term loans of KD 477,738 (December 31, 2007 and September 30, 2007 – Nil) utilized for the project.

During the period, one of the subsidiaries sold 80% of a major project located in Dubai with an approximate amount of AED 1.64 Billion, equivalent to KD 119 Millions, the total revenue related to the sale transaction amounted to KD 47,734,956 and realized net profit arising from this sale transaction recognized during this period amounted to KD 28,945,059 which represents 40% of the gross profit, while the remaining profit will be recognized during 2008 and 2009, the recognition of profit is based on the settlement percentage.

10. Work in progress

Due to change in management intention, properties amounting to KD 17,221,694 were reclassified from properties under development to work in progress.

11. Accounts payable and other credit balances

	September 30, 2008	December 31, 2007 (Audited)	September 30, 2007
Trade payables	13,467,371	29,085,787	22,421,529
Advances received from customers	60,753,528	9,712,251	18,723,424
Due to related parties (Note 19)	11,151,425	4,336,830	3,072,287
Dividends payable	760,723	672,718	902,578
Provision for projects development cost	10,062,185	-	-
Other payables and accrued expenses	8,497,934	3,920,718	1,314,460
	<u>104,693,166</u>	<u>47,728,304</u>	<u>46,434,278</u>

Other payables include KD 2,768,764 accounts for Kuwait Foundation for the Advancement of Sciences, National Labor Support and Zakat.

12. Term loans

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

13. Capital

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

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

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14. Treasury shares

	September 30, 2008	December 31, 2007 (Audited)	September 30, 2007
Number of shares (shares)	23,807,154	5,228,695	7,240,575
Percentage of issued shares (%)	5.24%	1.66%	2.29%
Market value (KD)	18,093,437	3,450,938	4,054,722
Cost (KD)	16,918,480	2,889,821	3,786,094

15. Revenue from sale of investment properties

During the period ended September 30, 2008, there was a delay in a settlement payment relating to sale of investment property that occurred in 2007. This resulted in increase in the selling price amounting to AED 35,000,000 equivalent to KD 2,574,513, the increase was accounted in the interim condensed consolidated income statement as an additional gain from sale of investment property.

16. Net investment income (loss)

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Unrealized loss from changes in fair value of investments at fair value through income statement	(1,966,315)	(277,426)	(336,353)	(270,512)
Realized gain on sale of investments at fair value through income statement	2,300,795	41,445	1,428,127	48,361
Realized (loss) gain on sale of investments available for sale	(2,016)	-	36,688	-
Dividend income	12,002	-	345,964	574,638
	<u>344,466</u>	<u>(235,981)</u>	<u>1,474,426</u>	<u>352,487</u>

17. Gain on sale of waiver of subscription in a subsidiary

This represents the gain on sale of portion of the subscription right in the capital increase of First Dubai Real Estate Development K.S.C. (Closed) – subsidiary, equivalent to 103,875,560 shares with a value of fils 200 per share.

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18. 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,	
	2008	2007	2008	2007
Net profit for the period attributable to equity holders of the Parent Company	<u>27,768,547</u>	<u>9,405,796</u>	<u>53,034,316</u>	<u>21,042,879</u>
	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>
Weighted average number of issued and fully paid-up shares	390,891,500	315,891,500	351,056,807	315,759,589
Bonus shares	63,178,300	63,178,300	63,178,300	63,178,300
Less: weighted average number of treasury shares	(10,275,904)	(7,044,200)	(7,270,315)	(16,310,878)
Weighted average number of shares outstanding	<u>443,793,896</u>	<u>372,025,600</u>	<u>406,964,792</u>	<u>362,627,011</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>62.57</u>	<u>25.28</u>	<u>130.32</u>	<u>58.03</u>

Earnings per share reported for three and nine months ended September 30, 2007 were 30.34 and 69.64 fils respectively before retroactive adjustment relating to issue of bonus shares for the year 2007.

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19. Related party transactions

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

	Major shareholders	Joint ventures	Other related parties	September 30, 2008	December 31, 2007 (Audited)	September 30, 2007
Balances included in the consolidated balance sheet						
Cash and cash equivalents	70,676	-	-	70,676	5,784,456	-
Accounts receivable and other debit balances	839,982	928,898	3,716,448	5,485,328	7,770,607	2,247,175
Properties under development	-	-	-	-	-	13,706,079
Accounts payable and other credit balances	1,944,215	9,103,159	104,051	11,151,425	4,336,830	3,072,287
Wakala and Murabaha payables	3,146,330	-	-	3,146,330	10,039,068	7,000,000
Transactions included in the consolidated income statement						
Revenue from sale of properties completed and under development	-	-	-	-	-	921,505
Management, commission and consultancy fees	26,000	35,277	73,809	135,086	984,380	964,985
Finance charges	-	500,004	-	500,004	551,029	500,798
Key management compensation:						
Salaries and other short term benefits	Nine months ended September 30		2007			
Terminal benefits	2008		2007			
	548,346	300,901				
	38,864	13,056				
	<u>587,210</u>	<u>313,957</u>				

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

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20. General Assembly

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

The shareholders' annual General Assembly held on March 21, 2007 approved the distribution of cash dividends of 50 fils per share and 10 bonus shares for every 100 shares.

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, 2008, amounted to KD 66,433,778 (December 31, 2007 – KD 11,247,216 and September 30, 2007 – KD 6,027,145).

22. Segment information

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

23. Contingent liabilities and commitments

	September 30, 2008	December 31, 2007 (Audited)	September 30, 2007
Letters of guarantee	36,617,500	24,944,145	24,944,145
Capital commitments	37,473,785	57,538,953	131,780,859
	<u>74,091,285</u>	<u>82,483,098</u>	<u>156,725,004</u>

24. Comparative figures

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