

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

INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)

30 June 2009



MAZAYA

AIM TO LEAD



نسمى إلى الإزدهار '10
AIM TO EVOLVE '10

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

INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED JUNE 30, 2009
(UNAUDITED)
WITH REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION

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Member of The International Group of Accounting Firms

P.O. Box 27387 Safat
13134 – State of Kuwait
Telephone: (965) 22423415
Facsimile : (965) 22423417

REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION

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

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Al Mazaya Holding Company K.S.C. (Holding) (the Parent Company) and subsidiaries (the Group) as of June 30, 2009 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the six months period then ended. The Parent Company's management is responsible for the preparation and presentation of this interim consolidated financial information in accordance with International Accounting Standard 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on this interim consolidated financial information based on our review.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34.

Report on other Legal and Regulatory Requirements

Furthermore, the interim consolidated financial information is in agreement with the 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, 2009 that might have had a material effect on the business of the Group or on its financial position.

Ali Owaid Rukh Hayes
Licence No. 72 - A
Member of the International Group
of Accounting Firms

Dr. Shuaib A. Shuaib
Licence No. 33 - A
Albazie & Co.
Member of RSM International

State of Kuwait
July 13, 2009

AL MAZAYA HOLDING COMPANY K.S.C. (HOLDING) AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS OF JUNE 30, 2009

(All amounts are in Kuwaiti Dinars)

	Note	June 30, 2009	December 31, 2008 (Audited)	June 30, 2008 (Restated)
ASSETS				
Cash and cash equivalents	3	42,579,008	48,756,857	76,899,391
Investments at fair value through income statement		-	1,335	11,997,475
Accounts receivable and other debit balances	4	41,448,134	25,845,689	27,468,604
Properties held for trading	5	68,130,913	81,504,695	15,608,624
Investments available for sale	6	32,367,425	24,248,220	11,254,595
Investment in an associate		2,405,889	2,405,889	-
Investment in an unconsolidated subsidiary		413,500	268,400	-
Investment in joint ventures		11,855,999	11,733,949	12,616,606
Properties under development	7	140,652,509	132,921,184	188,599,887
Investment properties	8	9,380,400	-	13,980,427
Work in progress	9	22,180,952	11,574,714	9,453,895
Fixed assets		630,426	662,695	697,707
Leasehold land		1,656,936	1,693,025	1,729,713
Goodwill		3,091,732	3,259,607	2,214,420
Total assets		376,793,823	344,876,259	372,521,344
LIABILITIES AND EQUITY				
Liabilities:				
Bank overdraft		4,993,795	5,093,743	-
Accounts payable and other credit balances	10	116,090,103	99,045,662	113,737,666
Term loans		44,970,000	44,970,000	53,741,758
Wakala and Murabaha payables		5,000,000	6,070,000	8,195,370
Deferred consideration on acquisition of properties		31,998,856	34,007,819	34,835,375
End of service indemnity		237,970	210,357	174,233
Total liabilities		203,290,724	189,397,581	210,684,402
Equity:				
Capital	11	49,947,675	45,406,980	45,406,980
Share premium		75,714,971	75,714,971	75,714,971
Statutory reserve		9,131,420	9,131,420	7,777,758
Voluntary reserve		9,131,420	9,131,420	7,777,758
Treasury shares reserve		701,077	1,561,889	1,561,889
Cumulative changes in fair value		151,375	68,567	76,035
Assets revaluation surplus		519,366	623,239	934,858
Foreign currency translation adjustments		2,166,375	(807,542)	(2,595,651)
Effect of changes in subsidiary's treasury shares		(671,823)	(457,645)	(104,136)
Effect of changes in subsidiary's equity		57,768	57,768	57,768
Retained earnings		10,001,150	4,638,767	18,784,956
		156,850,774	145,069,834	155,393,186
Treasury shares	12	(27,189,284)	(28,049,447)	(2,581,421)
Equity attributable to equity holders of the Parent Company		129,661,490	117,020,387	152,811,765
Non-controlling interests		43,841,609	38,458,291	9,025,177
Total equity		173,503,099	155,478,678	161,836,942
Total liabilities and equity		376,793,823	344,876,259	372,521,344

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

Rashid Y. Al-Nafisi
Chairman

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

	Note	Three months ended June 30,		Six months ended June 30,	
		2009	2008 (Restated)	2009	2008 (Restated)
Revenues					
Revenue from sale of properties under development	13	3,495,675	20,013,311	12,607,818	28,183,694
Revenue from sale of properties held for trading	14	22,322,356	16,785,327	35,664,390	27,197,897
Revenue from sale of investment properties		-	-	-	2,567,950
Total revenues		25,818,031	36,798,638	48,272,208	57,949,541
Cost of revenues					
Cost of sale of properties under development	13	(2,390,083)	(11,375,212)	(9,663,495)	(14,689,777)
Cost of sale of properties held for trading	14	(24,630,225)	(11,342,824)	(30,971,851)	(18,188,717)
Total cost of revenues		(27,020,308)	(22,718,036)	(40,635,346)	(32,878,494)
Gross (loss) profit		(1,202,277)	14,080,602	7,636,862	25,071,047
Management fees, commission and consultancy income		768,783	3,183,883	898,369	4,045,221
Net investment (loss) income		(81,710)	1,719,108	18,814	1,129,960
(Loss) gain on partial disposal of a subsidiary		(556,686)	-	(568,002)	3,391,755
Group's share of results from joint ventures		(154,302)	318,151	(191,841)	766,218
Gain on waiver of capital subscription	15	7,308,045	-	7,308,045	-
Marketing expenses		(38,028)	(258,293)	(119,364)	(511,176)
Administrative expenses		(697,700)	(1,474,087)	(1,734,513)	(2,731,015)
Expenses related to equity settled share based payments		(30,635)	(1,073,353)	(61,271)	(1,438,281)
Depreciation and amortization		(103,284)	(92,167)	(193,532)	(172,370)
Expenses on completed projects		(22,240)	(75,351)	(14,620)	(313,076)
Foreign currency exchange gain (loss)		49,812	416,281	(81,264)	1,007,086
Other income		95,299	24,740	575,558	32,994
Interest income		167,930	307,873	350,115	814,762
Finance charges		(606,998)	(1,200,930)	(1,259,569)	(2,405,681)
Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences, National Labor Support Tax and contribution to Zakat		4,896,009	15,876,457	12,563,787	28,687,444
Contribution to Kuwait Foundation for the Advancement of Sciences		(45,882)	(45,211)	(48,051)	(144,292)
National Labor Support Tax		(4,713)	(398,370)	(134,372)	(661,939)
Contribution to Zakat		(50,801)	(41,486)	(54,521)	(145,045)
Net profit for the period		4,794,613	15,391,390	12,326,843	27,736,168
Attributable to:					
Equity holders of the Parent Company		4,852,252	12,981,210	9,903,078	24,485,012
Non-controlling interests		(57,639)	2,410,180	2,423,765	3,251,156
Net profit for the period		4,794,613	15,391,390	12,326,843	27,736,168
		Fils	Fils	Fils	Fils
Earnings per share attributable to equity holders of the Parent Company	16	10.78	29.18	22.00	57.04

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

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

	Note	Three months ended June 30,		Six months ended June 30,	
		2009	2008 (Restated)	2009	2008 (Restated)
Net profit for the period		4,794,613	15,391,390	12,326,843	27,736,168
Other comprehensive income:					
Exchange differences on translating foreign operations		(532,226)	(278,487)	2,973,917	(162,138)
Investments available for sale	6	44,764	(4,035)	54,912	76,035
Assets revaluation surplus		-	(103,873)	(103,873)	(103,873)
Other comprehensive (loss) income for the period		(487,462)	(386,395)	2,924,956	(189,976)
Total comprehensive income for the period		<u>4,307,151</u>	<u>15,004,995</u>	<u>15,251,799</u>	<u>27,546,192</u>
Attributable to:					
Equity holders of the Parent Company		4,392,686	12,594,815	12,855,930	24,179,769
Non-controlling interests		(85,535)	2,410,180	2,395,869	3,366,423
Total comprehensive income for the period		<u>4,307,151</u>	<u>15,004,995</u>	<u>15,251,799</u>	<u>27,546,192</u>

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

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

	Attributable to equity holders of the Parent Company													
	Capital	Share premium	Reserves	Treasury shares reserve	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	Non-controlling interests	Total equity
Balance as at December 31, 2008	45,406,980	75,714,971	18,262,840	1,561,889	68,567	623,239	(807,542)	(457,645)	57,768	4,638,767	(28,049,447)	117,020,387	38,488,291	155,478,678
Bonus shares	4,540,695	-	-	-	-	-	-	-	-	(4,540,695)	-	-	-	(4,540,695)
Purchase of treasury shares	-	-	-	(860,812)	-	-	-	-	-	-	(848,642)	(848,642)	-	(848,642)
Sale of treasury shares	-	-	-	-	-	-	-	-	-	-	1,708,805	847,993	-	847,993
Net movement in subsidiary's treasury shares	-	-	-	-	-	-	-	(214,178)	-	-	-	(214,178)	(88,744)	(302,922)
Net movement in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	3,076,193	3,076,193
Total comprehensive income for the period	-	-	-	-	82,808	(103,873)	2,973,917	-	-	9,903,078	-	12,855,930	2,395,869	15,251,799
Balance as at June 30, 2009	<u>49,947,675</u>	<u>75,714,971</u>	<u>18,262,840</u>	<u>701,077</u>	<u>151,375</u>	<u>519,366</u>	<u>2,166,375</u>	<u>(671,823)</u>	<u>57,768</u>	<u>10,001,150</u>	<u>(27,189,284)</u>	<u>129,661,490</u>	<u>43,841,609</u>	<u>173,503,099</u>
Balance as at December 31, 2007	31,589,150	33,234,971	15,555,516	1,359,542	-	1,038,731	(2,433,513)	-	68,900	31,715,370	(2,889,821)	109,238,846	6,498,404	115,737,250
Effect of application of IFRIC 15 (Note 2)	-	-	-	-	-	-	-	-	-	(15,485,612)	-	(15,485,612)	(926,720)	(16,412,332)
Adjusted balances as at January 1, 2008	<u>31,589,150</u>	<u>33,234,971</u>	<u>15,555,516</u>	<u>1,359,542</u>	-	<u>1,038,731</u>	<u>(2,433,513)</u>	-	<u>68,900</u>	<u>16,229,758</u>	<u>(2,889,821)</u>	<u>93,753,234</u>	<u>5,571,684</u>	<u>99,324,918</u>
Increase in capital	7,500,000	-	-	-	-	-	-	-	-	-	-	7,500,000	-	7,500,000
Share premium	-	42,480,000	-	-	-	-	-	-	-	-	-	42,480,000	-	42,480,000
Cash dividends (Note 18)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bonus shares (Note 18)	-	-	-	-	-	-	-	-	-	(15,611,985)	-	(15,611,985)	-	(15,611,985)
Purchase of treasury shares	6,317,830	-	-	-	-	-	-	-	-	(6,317,830)	-	-	-	-
Sale of treasury shares	-	-	-	202,347	-	-	-	-	-	-	(592,146)	(592,146)	-	(592,146)
Dilution effect on change of percentage of ownership of a subsidiary	-	-	-	-	-	-	-	-	-	-	900,546	1,102,893	-	1,102,893
Total comprehensive income for the period	-	-	-	-	76,035	(103,873)	(162,138)	(104,136)	(11,132)	24,485,013	-	24,179,769	3,366,423	27,546,192
Balance as at June 30, 2008	<u>45,406,980</u>	<u>75,714,971</u>	<u>15,555,516</u>	<u>1,561,889</u>	<u>76,035</u>	<u>934,868</u>	<u>(2,595,651)</u>	<u>(104,136)</u>	<u>57,768</u>	<u>18,784,966</u>	<u>(2,581,421)</u>	<u>152,811,765</u>	<u>9,025,177</u>	<u>161,836,942</u>

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

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

	Six months ended June 30,	
	2009	2008 (Restated)
Cash flows from operating activities:		
Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences, National Labour Support Tax and contribution to Zakat	12,563,787	28,687,444
Adjustments for:		
Net investment income	(18,814)	(1,129,960)
Loss (gain) on partial disposal of a subsidiary	568,002	(3,391,755)
Group's share of results from joint ventures	191,841	(766,218)
Gain on waiver of capital subscription	(7,308,045)	-
Expenses related to equity settled share based payments	61,271	1,438,281
Depreciation and amortization	193,532	172,370
Interest income	(350,115)	(814,762)
Finance charges	1,259,569	2,405,681
Foreign currency exchange loss (gain)	81,264	(1,007,086)
Provision for end of service indemnity	111,665	69,879
	<u>7,353,957</u>	<u>25,663,874</u>
Changes in operating assets and liabilities:		
Accounts receivable and other debit balances	(4,580,555)	21,679,517
Properties held for trading	12,320,557	(5,861,298)
Properties under development	447,248	(77,543,522)
Purchase of investments at fair value through income statement	-	(7,627,025)
Accounts payable and other credit balances	7,543,299	60,790,649
Deferred consideration on acquisition of properties	(2,008,963)	(3,491,885)
	<u>21,075,543</u>	<u>13,610,310</u>
Paid to Kuwait Foundation for Advancement of Sciences	-	(249,078)
Paid to National Labor Support Tax	-	(691,883)
Paid to Zakat	-	(17,556)
End of service indemnity paid	(104,282)	(3,109)
Net cash generated from operating activities	<u>20,971,261</u>	<u>12,648,684</u>
Cash flows from investing activities:		
Proceeds from sale of investments at fair value through income statement	1,258	9,500,966
Paid for purchase of investments available for sale	(41,563,746)	(562,918)
Proceeds from sale of investments available for sale	33,625,562	1,146,856
Proceeds from partial disposal of a subsidiary	3,239,441	4,964,916
Investment in joint ventures	178,834	(7,161,454)
Paid for investment properties	(9,380,400)	(1,195,990)
Paid for work in progress	(10,606,238)	(629,745)
Paid for investment in unconsolidated subsidiary	(145,100)	-
Interest income received	183,666	810,446
Dividend income received	715	333,962
Paid against increase in equity holding of a subsidiary	(546,220)	-
Net movement in fixed assets	(125,172)	(82,912)
Net cash (used in) generated from investing activities	<u>(25,137,400)</u>	<u>7,124,127</u>

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

	Six months ended June 30,	
	2009	2008 (Restated)
Cash flows from financing activities:		
Bank overdrafts	(99,948)	-
Increase in capital	-	49,980,000
Term loans	-	(241,268)
Purchase of treasury shares	(848,642)	(592,146)
Purchase of subsidiary's treasury shares	(409,311)	-
Cash dividends paid	-	(15,456,055)
Finance charges paid	(1,185,456)	(2,529,381)
Wakala and Murabaha payables	(1,070,000)	(1,599,015)
Proceeds from sale of treasury shares	847,993	1,102,893
Movement in non-controlling interests	(122,479)	(1,065,883)
Movement in equity of subsidiary	(214,178)	(115,268)
Net cash (used in) generated from financing activities	<u>(3,102,021)</u>	<u>29,483,877</u>
Net (decrease) increase in cash and cash equivalents	<u>(7,268,160)</u>	<u>49,256,688</u>
Cash balance related to movement in equity holding in a subsidiary	-	(386,480)
Foreign currency translation adjustments	1,090,311	528,640
Cash and cash equivalents at the beginning of the period	<u>48,756,857</u>	<u>27,500,543</u>
Cash and cash equivalents at the end of the period (Note 3)	<u><u>42,579,008</u></u>	<u><u>76,899,391</u></u>

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

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

(All amounts are in Kuwaiti Dinars)

1. Incorporation and activities

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

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

These interim consolidated financial information were approved for issue by the Board of Directors on July 13, 2009.

2. Basis of presentation

The interim consolidated financial information has been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". The accounting policies used in the preparation of the interim consolidated financial information for the period are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2008 except for the changes due to implementation of certain amendments to the following International Financial Reporting Standards:

IAS 1 "Presentation of Financial Statements" (Revised)

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

IFRS 8 "Operating Segments"

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

IAS 23 "Borrowing Cost" (Revised)

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

IFRIC 15 – Agreement for the construction of Real Estate

During 2008, The Group had adopted early application of IFRIC 15 – Agreements for the construction of Real Estate. This change in accounting policy had been accounted for retrospectively as per IAS 8. This had resulted in decreasing the balance of retained earnings as of December 31, 2007 by KD 15,485,612, decreasing the non-controlling interests by an amount of KD 926,720, decreasing the properties under development by KD 14,034,196 (Note 7), decreasing the investment in joint venture by KD 2,378,136 and decreasing the net profit for the period ended June 30, 2008 by KD 780,757.

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

(All amounts are in Kuwaiti Dinars)

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

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

The interim consolidated financial information do not include all of the information and footnotes required for complete financial statements prepared in accordance with International Financial Reporting Standards. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. Operating results for the period ended June 30, 2009 are not necessarily indicative of the results that may be expected for the year ending December 31, 2009. For further information, refer to the consolidated financial statements and notes thereto for the year ended December 31, 2008.

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

Subsidiaries	Country of incorporation	Ownership percentage %		
		June 30, 2009	December 31, 2008 (Audited)	June 30, 2008
Al Mazaya Real Estate Development Company – K.S.C. (Closed)	Kuwait	100	100	100
Al Mazaya Real Estate FZ/LLC and its subsidiaries:	U.A.E	100	100	100
Al Dana Real Estate Limited	U.A.E	100	100	100
Al Rayhan Real Estate Limited	U.A.E	100	100	100
Advantage General Trading Co. W.L.L.	U.A.E	100	100	100
Spectrum Facilities Management – W.L.L.	U.A.E	100	-	-
Al Mazaya Al Khalijja 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. (Closed)	Kuwait	100	100	100
First Dubai Real Estate Development Company - K.S.C. (Closed) and its subsidiary:	Kuwait	63.98	66.88	77.85
Future International Project Management – W.L.L. and its subsidiary:	Kuwait	85.16	85.16	-
Waterfront Real Estate Company K.S.C. (Closed)	Kuwait	91.97	91.97	-

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3. Cash and cash equivalents

	June 30, 2009	December 31, 2008 (Audited)	June 30, 2008
Cash and bank balances	25,243,714	39,772,935	30,426,332
Short term bank deposits	17,334,608	8,982,942	46,383,216
Cash in investment portfolios	686	980	89,843
	<u>42,579,008</u>	<u>48,756,857</u>	<u>76,899,391</u>

Short term bank deposits earn a weighted average interest rate of 4.98% and have an average maturity of 41 days (December 31, 2008 - 6%, June 30, 2008 - 5.33 %) per annum.

4. Accounts receivable and other debit balances

	June 30, 2009	December 31, 2008 (Audited)	June 30, 2008
Trade receivables	14,724,110	4,495,833	10,362,114
Advance payments	8,087,468	12,697,186	8,038,382
Advances for capital subscription	7,243,666	14,534,904	-
Murabaha receivables	3,723,456	-	-
Due from related parties (Note 17)	4,963,233	3,568,657	1,763,007
Prepayments	5,398,721	4,887,302	-
Staff receivables	1,243,048	74,803	-
Other receivables	4,612,759	1,933,308	7,305,101
	<u>49,996,461</u>	<u>42,191,993</u>	<u>27,468,604</u>
Provision for doubtful accounts	<u>(8,548,327)</u>	<u>(16,346,304)</u>	<u>-</u>
	<u>41,448,134</u>	<u>25,845,689</u>	<u>27,468,604</u>

5. Properties held for trading

The movement during the period / year is as follows:

	June 30, 2009	December 31, 2008 (Audited)	June 30, 2008
Balance at the beginning of the period / year	81,504,695	-	-
Additions	18,954,515	24,314,915	20,122,725
Transferred from investment properties	34,447	22,012,213	13,691,788
Transferred (to) / from properties under development (Note 7)	(2,658,686)	52,474,393	218,839
Transferred from work in progress (Note 9)	-	891,891	-
Disposals	(30,971,851)	(18,188,717)	(18,188,717)
Foreign currency translation adjustments	1,267,793	-	(236,011)
Balance at the end of the period / year	<u>68,130,913</u>	<u>81,504,695</u>	<u>15,608,624</u>

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6. Investments available for sale

The movement during the period / year is as follows:

	June 30, 2009	December 31, 2008 (Audited)	June 30, 2008
Balance at the beginning of the period / year	24,248,220	11,728,068	11,728,068
Additions	41,563,746	81,763,044	562,918
Disposals	(33,499,453)	(59,482,048)	(1,112,426)
Reclassified from investments at fair value through income	-	845,875	-
Transferred to investment in an associate	-	(3,813,810)	-
Changes in fair value	54,912	68,567	76,035
Impairment loss	-	(6,861,476)	-
Balance at the end of the period / year	<u>32,367,425</u>	<u>24,248,220</u>	<u>11,254,595</u>

Additions and disposals balances represent the Group's interest in certain unquoted investments that have been acquired and sold during the period with an amount of KD 21,813,749, the net gain arising from the sale transactions amounted to KD 193,523.

7. Properties under development

The movement during the period / year is as follows:

	June 30, 2009	December 31, 2008 (Audited)	June 30, 2008 (Restated)
Balance at the beginning of the period / year	132,921,184	120,650,881	134,685,077
Effect of application of IFRIC 15 (Note 2)	-	-	(14,034,196)
Adjusted balance at the beginning of the period / year	132,921,184	120,650,881	120,650,881
Additions	10,018,783	126,426,713	82,857,622
Disposals	(9,663,495)	(81,903,536)	(14,689,777)
Related to acquisition of a newly consolidated subsidiary	-	41,547,608	-
Transferred from investment properties	-	3,650,124	-
Transferred from / (to) properties held for trading (Note 5)	2,658,686	(52,474,393)	(218,839)
Impairment loss	-	(24,986,342)	-
Foreign currency translation adjustments	4,717,351	10,129	-
Balance at the end of the period / year	<u>140,652,509</u>	<u>132,921,184</u>	<u>188,599,887</u>

8. Investment properties

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

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9. Work in progress

The movement during the period / year is as follows:

	June 30, 2009	December 31, 2008 (Audited)	June 30, 2008
Balance at the beginning of the period / year	11,574,714	8,824,150	8,824,150
Additions	10,606,238	3,642,455	629,745
Transferred to properties held for trading (Note 5)	-	(891,891)	-
Balance at the end of the period / year	<u>22,180,952</u>	<u>11,574,714</u>	<u>9,453,895</u>

10. Accounts payable and other credit balances

	June 30, 2009	December 31, 2008 (Audited)	June 30, 2008 (Restated)
Trade payables	24,709,049	9,510,195	41,439,765
Advances received from customers	78,796,277	67,591,522	55,883,547
Due to related parties (Note 17)	720,105	9,745,139	2,928,150
Retentions payable	4,498,590	2,588,178	-
Accrued development costs	385,640	1,250,737	-
Dividends payable	754,187	757,182	828,648
Other payables and accrued expenses	6,226,255	7,602,709	12,657,556
	<u>116,090,103</u>	<u>99,045,662</u>	<u>113,737,666</u>

11. Capital

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

12. Treasury shares

	June 30, 2009	December 31, 2008 (Audited)	June 30, 2008
Number of shares (shares)	49,189,869	42,847,154	5,087,154
Percentage of issued shares (%)	9.84%	9.44%	1.12%
Market value (KD)	10,133,113	13,496,854	4,680,181
Cost (KD)	27,189,284	28,049,447	2,581,421

Treasury shares include 39,908,000 shares with a cost of KD 23,224,041 and market value of KD 8,221,048 recorded in the books of a subsidiary - First Dubai Real Estate Development K.S.C. (Closed).

13. Profit from sale of properties under development

	Three months ended June 30,		Six months ended June 30,	
	2009	2008 (Restated)	2009	2008 (Restated)
Revenue from sale of properties under development	3,495,675	20,013,311	12,607,818	28,183,694
Cost of sale of properties under development	(2,390,083)	(11,375,212)	(9,663,495)	(14,689,777)
Profit from sale of properties under development	<u>1,105,592</u>	<u>8,638,099</u>	<u>2,944,323</u>	<u>13,493,917</u>

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14. Profit from sale of properties held for trading

	Three months ended June 30,		Six months ended June 30,	
	2009	2008 (Restated)	2009	2008 (Restated)
Revenue from sale of properties held for trading	22,322,356	16,785,327	35,664,390	27,197,897
Cost of sale of properties held for trading	(24,630,225)	(11,342,824)	(30,971,851)	(18,188,717)
(Loss) profit from sale of properties held for trading	(2,307,869)	5,442,503	4,692,539	9,009,180

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

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

15. Gain on waiver of capital subscription

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

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

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16. Earnings per share

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

	Three months ended June 30,		Six months ended June 30,	
	2009	2008 (Restated)	2009	2008 (Restated)
Net profit for the period attributable to equity holders of the Parent Company	<u>4,852,252</u>	<u>12,981,210</u>	<u>9,903,078</u>	<u>24,485,012</u>
	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>
Weighted average number of issued and fully paid-up shares	454,069,800	409,127,977	454,069,800	394,098,889
Bonus shares	45,406,980	45,406,980	45,406,980	45,406,980
Less: weighted average number of treasury shares	(49,353,166)	(9,712,506)	(49,304,676)	(10,241,495)
Weighted average number of shares outstanding	<u>450,123,614</u>	<u>444,822,451</u>	<u>450,172,104</u>	<u>429,264,374</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>10.78</u>	<u>29.18</u>	<u>22.00</u>	<u>57.04</u>

Earnings per share reported for the three and six months ended June 30, 2008 were 30.65 and 65.00 fils respectively before the retroactive effect related to the application of IFRIC 15 (Note 2) and the issuance of bonus shares for the year ended December 31, 2008.

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17. Related parties' balances and 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 parties' balances and transactions are as follows:

	Major shareholders	Joint ventures	Other related parties	June 30, 2009	December 31, 2008 (Audited)	June 30, 2008
Balances included in the interim condensed consolidated statement of financial position						
Cash and cash equivalents	686	-	-	686	980	89,843
Accounts receivable and other debit balances (Note 4)	1,691,517	2,695,641	576,075	4,963,233	3,568,657	1,763,007
Accounts payable and other credit balances (Note 10)	-	-	720,105	720,105	9,745,139	2,928,150
Wakala and Murabaha payables	-	-	-	-	-	8,195,369
Transactions included in the interim condensed consolidated statement of income						
Management fees, commission and consultancy income	32,433	-	169,102	201,535	830,146	536,940
Finance charges	-	-	-	-	-	220,314
Key management compensation:						
Salaries and other short term benefits				151,979	684,012	283,975
Terminal benefits				10,839	41,366	21,778
				<u>162,818</u>	<u>725,378</u>	<u>305,753</u>

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

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18. General Assembly

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

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

19. Fiduciary accounts

The Group manages projects on behalf of others, and maintains cash balances and notes receivable in fiduciary accounts, which are not reflected in the interim consolidated financial information. Assets under management at June 30, 2009, amounted to KD 68,920,295 (December 31, 2008 – KD 65,696,016 and June 30, 2008 – KD 2,754,632).

20. 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. There are no income generating transactions between the Group's segments.

21. Capital commitments and contingent liabilities

	June 30, 2009	December 31, 2008 (Audited)	June 30, 2008
Letters of guarantee	37,130,000	27,861,300	38,280,485
Capital commitments	121,181,776	103,856,803	73,558,373
	<u>158,311,776</u>	<u>131,718,103</u>	<u>111,838,858</u>

22. Comparative figures

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