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

INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION ( UNAUDITED)

30 September 2009

MAZAYA

AIM TO LEAD

نسعى إلى الإزدهار '10
AIM TO EVOLVE '10

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

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

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# REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION

The Board of Directors
Al Mazaya Holding Company K.S.C. (Holding) and its 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 its subsidiaries (the Group) as of September 30, 2009 and the related interim condensed consolidated statements of income, comprehensive 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.

## 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 September 30, 2009 that might have had a material effect on the business of the Group or on its financial position.

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State of Kuwait
November 10, 2009

**AL MAZAYA HOLDING COMPANY K.S.C. (HOLDING) AND ITS SUBSIDIARIES**
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**
**AS OF SEPTEMBER 30, 2009**
(All amounts are in Kuwaiti Dinars)

| ASSETS | Note | September 30, 2009 | December 31, 2008 (Audited) | September 30, 2008 (Restated) |
|---|---|---|---|---|
| Cash and cash equivalents | 3 | **36,852,662** | 48,756,857 | 55,773,710 |
| Investments at fair value through income statement | | **-** | 1,335 | 2,240,835 |
| Accounts receivable and other debit balances | 4 | **31,412,700** | 25,845,689 | 28,118,417 |
| Properties held for trading | 5 | **70,159,590** | 81,504,695 | 20,940,369 |
| Investments available for sale | 6 | **31,119,685** | 24,248,220 | 44,265,617 |
| Investment in an associate | | **3,055,022** | 2,405,889 | - |
| Investment in an unconsolidated subsidiary | | **413,500** | 268,400 | - |
| Investment in joint ventures | | **11,728,624** | 11,733,949 | 12,602,263 |
| Properties under development | 7 | **148,210,673** | 132,921,184 | 236,138,677 |
| Investment properties | 8 | **9,380,400** | - | 14,022,399 |
| Work in progress | 9 | **23,448,682** | 11,574,714 | 28,885,439 |
| Fixed assets | | **549,342** | 662,695 | 675,183 |
| Leasehold land | | **1,638,592** | 1,693,025 | 1,711,369 |
| Goodwill | | **3,091,732** | 3,259,607 | 19,387,087 |
| Total assets | | **371,061,204** | 344,876,259 | 464,761,365 |
| LIABILITIES AND EQUITY | | | | |
| Liabilities: | | | | |
| Bank overdraft | | **4,998,485** | 5,093,743 | - |
| Accounts payable and other credit balances | 10 | **110,945,065** | 99,045,662 | 162,067,199 |
| Term loans | | **44,970,000** | 44,970,000 | 42,158,619 |
| Wakala and Murabaha payables | | **5,000,000** | 6,070,000 | 3,146,330 |
| Deferred consideration on acquisition of properties | | **31,797,243** | 34,007,819 | 34,533,868 |
| End of service indemnity | | **260,188** | 210,357 | 195,781 |
| Total liabilities | | **197,970,981** | 189,397,581 | 242,101,797 |
| Equity: | | | | |
| Share 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 | | **144,511** | 68,567 | 122,648 |
| Assets revaluation surplus | | **519,366** | 623,239 | 623,239 |
| Foreign currency translation adjustments | | **1,786,105** | (807,542) | (2,585,431) |
| Effect of changes in subsidiary's treasury shares | | **(671,823)** | (457,645) | (457,645) |
| Effect of changes in subsidiary's equity | | **57,768** | 57,768 | 50,671 |
| Retained earnings | | **10,124,995** | 4,638,767 | 44,465,139 |
| | | **156,587,485** | 145,069,834 | 180,457,977 |
| Treasury shares | 12 | **(27,189,284)** | (28,049,447) | (16,918,480) |
| Equity attributable to equity holders of the Parent Company | | **129,398,201** | 117,020,387 | 163,539,497 |
| Non-controlling interests | | **43,692,022** | 38,458,291 | 59,120,071 |
| Total equity | | **173,090,223** | 155,478,678 | 222,659,568 |
| Total liabilities and equity | | **371,061,204** | 344,876,259 | 464,761,365 |

The accompanying notes (1) to (21) form an integral part of the interim consolidated financial information

Rashid Y. Al-Nafisi
Chairman

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

| | | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | Note | **2009** | 2008 (Restated) | **2009** | 2008 (Restated) |
| Revenues | | | | | |
| Revenue from sale of properties under development | 13 | **1,599,836** | 24,453,336 | **14,207,654** | 52,637,030 |
| Revenue from sale of properties held for trading | 14 | **790,000** | 328,869 | **36,454,390** | 27,526,766 |
| Revenue from sale of investment properties | | - | 6,563 | - | 2,574,513 |
| Total revenues | | **2,389,836** | 24,788,768 | **50,662,044** | 82,738,309 |
| Cost of revenues | | | | | |
| Cost of sale of properties under development | 13 | **(332,873)** | (6,851,227) | **(9,996,368)** | (21,541,004) |
| Cost of sale of properties held for trading | 14 | **(795,873)** | (280,317) | **(31,767,724)** | (18,469,034) |
| Total cost of revenues | | **(1,128,746)** | (7,131,544) | **(41,764,092)** | (40,010,038) |
| Gross profit | | **1,261,090** | 17,657,224 | **8,897,952** | 42,728,271 |
| Management fees, commission and consultancy income | | **135,972** | 508,649 | **1,034,342** | 4,553,870 |
| Net investment (loss) income | | **(283,218)** | 344,466 | **(264,405)** | 1,474,426 |
| Gain (loss) on partial disposal of a subsidiary | | - | 1,056,868 | **(568,002)** | 4,448,623 |
| Group's share of results from joint ventures | | **(95,560)** | (52,639) | **(287,401)** | 713,579 |
| Gain on waiver of capital subscription | 4 | - | 20,775,112 | **7,308,045** | 20,775,112 |
| Dilution loss | | - | (2,609,170) | - | (2,609,170) |
| Marketing expenses | | **(56,354)** | (315,546) | **(175,717)** | (826,722) |
| Administrative expenses | | **(628,383)** | (2,904,254) | **(2,362,895)** | (5,635,270) |
| Expenses related to equity settled share based payments | | **(30,636)** | (840,478) | **(91,907)** | (2,278,759) |
| Depreciation and amortization | | **(92,551)** | (71,235) | **(286,084)** | (243,605) |
| Expenses on completed projects | | **(19,227)** | (37,514) | **(33,847)** | (350,590) |
| Foreign currency exchange gain | | **86,203** | 193,154 | **4,940** | 1,200,240 |
| Other income (loss) | | **84,756** | (943) | **660,312** | 32,052 |
| Interest income | | **260,255** | 156,722 | **610,371** | 971,484 |
| Finance charges | | **(620,161)** | (382,029) | **(1,879,730)** | (2,787,710) |
| Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences, National Labor Support Tax and contribution to Zakat | | **2,186** | 33,478,387 | **12,565,974** | 62,165,831 |
| Contribution to Kuwait Foundation for the Advancement of Sciences | | - | (134,422) | **(50,171)** | (278,714) |
| National Labor Support Tax | | - | (710,030) | **(143,665)** | (1,371,969) |
| Contribution to Zakat | | - | (125,871) | **(58,239)** | (270,916) |
| Net profit for the period | | **2,186** | 32,508,064 | **12,313,899** | 60,244,232 |
| Attributable to: | | | | | |
| Equity holders of the Parent Company | | **138,975** | 25,680,184 | **10,026,923** | 50,165,196 |
| Non-controlling interests | | **(136,789)** | 6,827,880 | **2,286,976** | 10,079,036 |
| Net profit for the period | | **2,186** | 32,508,064 | **12,313,899** | 60,244,232 |
| | | **Fils** | Fils | **Fils** | Fils |
| Earnings per share attributable to equity holders of the Parent Company | 15 | **0.31** | 53.02 | **22.26** | 112.09 |

The accompanying notes (1) to (21) form an integral part of the interim consolidated financial information

| | Note | Three months ended September 30, 2009 | Three months ended September 30, 2008 (Restated) | Nine months ended September 30, 2009 | Nine months ended September 30, 2008 (Restated) |
|---|---|---|---|---|---|
| Net profit for the period | | **2,186** | 32,508,064 | **12,313,899** | 60,244,232 |
| Other comprehensive income: | | | | | |
| Exchange differences on translating foreign operations | | **(380,270)** | 10,220 | **2,593,647** | (151,918) |
| Investments available for sale | 6 | **131,478** | 46,613 | **186,390** | 122,648 |
| Assets revaluation surplus | | - | (311,619) | **(103,873)** | (415,492) |
| Other comprehensive (loss) income for the period | | **(248,792)** | (254,786) | **2,676,164** | (444,762) |
| Total comprehensive (loss) income for the period | | **(246,606)** | 32,253,278 | **14,990,063** | 59,799,470 |
| Attributable to: | | | | | |
| Equity holders of the Parent Company | | **(245,053)** | 25,540,663 | **12,592,641** | 49,720,434 |
| Non-controlling interests | | **(1,553)** | 6,712,615 | **2,397,422** | 10,079,036 |
| Total comprehensive (loss) income for the period | | **(246,606)** | 32,253,278 | **14,990,063** | 59,799,470 |

The accompanying notes (1) to (21) form an integral part of the interim consolidated financial information

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

| | Attributable to equity holders of the Parent Company | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Share 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 | 38,458,291 | 155,478,678 |
| Bonus shares (Note 17) | 4,540,695 | - | - | - | - | - | - | - | - | (4,540,695) | - | - | - | - |
| Purchase of treasury shares | - | - | - | - | - | - | - | - | - | - | (848,642) | (848,642) | - | (848,642) |
| Sale of treasury shares | - | - | - | (860,812) | - | - | - | - | - | - | 1,708,805 | 847,993 | - | 847,993 |
| Net movement in subsidiary's equity | - | - | - | - | - | - | - | (214,178) | - | - | - | (214,178) | (88,744) | (302,922) |
| Net movement in non-controlling interests | - | - | - | - | - | - | - | - | - | - | - | - | 2,925,053 | 2,925,053 |
| Total comprehensive income (loss) for the period | - | - | - | - | 75,944 | (103,873) | 2,593,647 | - | - | 10,026,923 | - | 12,592,641 | 2,397,422 | 14,990,063 |
| Balance as at September 30, 2009 | **49,947,675** | **75,714,971** | **18,262,840** | **701,077** | **144,511** | **519,366** | **1,786,105** | **(671,823)** | **57,768** | **10,124,995** | **(27,189,284)** | **129,398,201** | **43,692,022** | **173,090,223** |
| | | | | | | | | | | | | | | |
| 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 | 31,589,150 | 33,234,971 | 15,555,516 | 1,359,542 | - | 1,038,731 | (2,433,513) | - | 68,900 | 16,229,758 | (2,889,821) | 93,753,234 | 5,571,684 | 99,324,918 |
| 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 17) | - | - | - | - | - | - | - | - | - | (15,611,985) | - | (15,611,985) | - | (15,611,985) |
| Bonus shares (Note 17) | 6,317,830 | - | - | - | - | - | - | - | - | (6,317,830) | - | - | - | - |
| Effect of changes in subsidiary's equity | - | - | - | - | - | - | - | - | (18,229) | - | - | (18,229) | - | (18,229) |
| Effect of changes in subsidiary's treasury shares | - | - | - | - | - | - | - | (457,645) | - | - | - | (457,645) | - | (457,645) |
| Effect of acquisition of subsidiary | - | - | - | - | - | - | - | - | - | - | - | - | 14,291,708 | 14,291,708 |
| Purchase of treasury shares | - | - | - | - | - | - | - | - | - | - | (14,929,205) | (14,929,205) | - | (14,929,205) |
| Sale of treasury shares | - | - | - | 202,347 | - | - | - | - | - | - | 900,546 | 1,102,893 | - | 1,102,893 |
| Net movement in non-controlling interest | - | - | - | - | - | - | - | - | - | - | - | - | 29,177,643 | 29,177,643 |
| Total comprehensive income (loss) for the period | - | - | - | - | 122,648 | (415,492) | (151,918) | - | - | 50,165,196 | - | 49,720,434 | 10,079,036 | 59,799,470 |
| Balance as at September 30, 2008 | 45,406,980 | 75,714,971 | 15,555,516 | 1,561,889 | 122,648 | 623,239 | (2,585,431) | (457,645) | 50,671 | 44,465,139 | (16,918,480) | 163,539,497 | 59,120,071 | 222,659,568 |

The accompanying notes (1) to (21) form an integral part of the interim consolidated financial information

| | Nine months ended September 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 | **12,565,974** | 62,165,831 |
| Adjustments for: | | |
| Net investment loss (income) | **264,405** | (1,474,426) |
| Loss (gain) on partial disposal of a subsidiary | **568,002** | (4,448,623) |
| Group's share of results from joint ventures | **287,401** | (713,579) |
| Gain on waiver of capital subscription | **(7,308,045)** | (20,775,112) |
| Dilution loss | **-** | 2,609,170 |
| Expenses related to equity settled share based payments | **91,907** | 2,278,759 |
| Depreciation and amortization | **286,084** | 243,605 |
| Foreign currency exchange gain | **(4,940)** | (1,200,240) |
| Interest income | **(610,371)** | (971,484) |
| Finance charges | **1,879,730** | 2,787,710 |
| Provision for end of service indemnity | **83,660** | 96,274 |
| | **8,103,807** | 40,597,885 |
| Changes in operating assets and liabilities: | | |
| Paid for purchase of investments at fair value through income statement | **-** | (13,352,984) |
| Proceeds from sale of investments at fair value through income statement | **1,258** | 29,216,111 |
| Accounts receivable and other debit balances | **2,621,002** | 6,778,006 |
| Properties held for trading | **18,010,643** | (7,027,213) |
| Paid for purchase of investments available for sale | **(40,779,714)** | (22,397,671) |
| Proceeds from sale of investments available for sale | **34,158,614** | 1,144,838 |
| Properties under development | **(12,428,288)** | (43,226,310) |
| Work in Progress | **(11,873,968)** | (2,839,595) |
| Accounts payable and other credit balances | **2,727,220** | 46,408,903 |
| Gross amount due to customers for properties under development | **-** | 3,965,007 |
| Deferred consideration on acquisition of properties | **(2,210,576)** | (4,629,011) |
| | **(1,670,002)** | 34,637,966 |
| Paid to Kuwait Foundation for Advancement of Sciences | **-** | (249,078) |
| National Labor Support Tax paid | **-** | (691,883) |
| Zakat paid | **-** | (17,556) |
| End of service indemnity paid | **(33,829)** | (8,305) |
| Net cash (used in) generated from operating activities | **(1,703,831)** | 33,671,144 |
| **Cash flows from investing activities:** | | |
| Proceeds from partial disposal of a subsidiary | **3,239,441** | 4,886,033 |
| Paid for investment in an unconsolidated subsidiary | **(145,100)** | - |
| Investment in joint ventures | **18,807** | (7,763,219) |
| Proceeds from sale of waiver of capital subscription | **-** | 20,775,112 |
| Net movement in investment properties | **(9,380,400)** | (1,195,990) |
| Interest income received | **271,245** | 967,518 |
| Dividend income received | **715** | 345,964 |
| Paid against increase in equity holding of a subsidiary | **(546,220)** | (55,472,839) |
| Net movement in fixed assets | **(118,297)** | (109,953) |
| Net cash used in investing activities | **(6,659,809)** | (37,567,374) |

| | Nine months ended September 30, 2009 | Nine months ended September 30, 2008 (Restated) |
|---|---|---|
| **Cash flows from financing activities:** | | |
| Bank overdraft | **(95,258)** | - |
| Term loans | - | (12,424,030) |
| Wakala and Murabaha payables | **(1,070,000)** | (6,838,275) |
| Finance charges paid | **(2,337,482)** | (2,873,388) |
| Cash dividends paid | - | (15,523,980) |
| Increase in share capital | - | 49,980,000 |
| Purchase of treasury shares | **(848,642)** | (14,929,205) |
| Purchase of subsidiary's treasury shares | **(214,178)** | (475,874) |
| Proceeds from sale of treasury shares | **847,993** | 1,102,893 |
| Movement in equity of subsidiary | - | (18,229) |
| Movement in non-controlling interests | **(146,593)** | 27,496,848 |
| Net cash (used in) generated from financing activities | **(3,864,160)** | 25,496,760 |
| Net (decrease) increase in cash and cash equivalents | **(12,227,800)** | 21,600,530 |
| Cash balance related to movement in equity holding in a subsidiary | - | (86,024) |
| Foreign currency translation adjustments | **323,605** | 6,758,661 |
| Cash and cash equivalents at the beginning of the period | **48,756,857** | 27,500,543 |
| Cash and cash equivalents at the end of the period (Note 3) | 36,852,662 | 55,773,710 |

The accompanying notes (1) to (21) form an integral part of the interim consolidated financial information

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 November 10, 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 interim consolidated financial information 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 interim condensed consolidated 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 interim consolidated 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 2,703,940 and decreasing the net profit for the period ended September 30, 2008 by KD 2,869,122.

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 September 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:

| | | Ownership percentage % | | |
|---|---|---|---|---|
| Subsidiaries | Country of incorporation | **September 30, 2009** | December 31, 2008 (Audited) | September 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 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. (Closed) | Kuwait | **100** | 100 | 100 |
| First Dubai Real Estate Development Company - K.S.C. (Closed) and its subsidiary: | Kuwait | **63.98** | 66.88 | 66.57 |
| Future International Project Management – W.L.L. and its subsidiary: | Kuwait | **85.16** | 85.16 | 77.89 |
| Waterfront Real Estate Company K.S.C. (Closed) | Kuwait | **91.97** | 91.97 | 91.97 |

3. Cash and cash equivalents

| | September 30, 2009 | December 31, 2008 (Audited) | September 30, 2008 |
|---|---|---|---|
| Cash on hands and at banks | **22,459,087** | 39,772,935 | 34,703,184 |
| Short term bank deposits | **14,392,889** | 8,982,942 | 20,999,850 |
| Cash in investment portfolios (Note 16) | **686** | 980 | 70,676 |
| | **36,852,662** | 48,756,857 | 55,773,710 |

Short term bank deposits earn a weighted average interest rate of 2.5% (December 31, 2008 - 6%, September 30, 2008 – 6.5%) per annum and have an average maturity of 44 days.

Cash on hand and at banks include an amount of KD 20,615,429 (December 31, 2008 – KD 26,309,343, September 30, 2008 – KD 22,642,047) representing restricted cash to be used only against construction work.

4. Accounts receivable and other debit balances

| | September 30, 2009 | December 31, 2008 (Audited) | September 30, 2008 |
|---|---|---|---|
| Trade receivables | **5,880,948** | 4,495,833 | 3,888,063 |
| Advance payments | **8,764,693** | 12,697,186 | 8,912,908 |
| Advances for capital subscription | **7,163,163** | 14,534,904 | - |
| Murabaha receivable | **3,723,456** | - | 6,139,808 |
| Due from related parties (Note 16) | **5,487,936** | 3,568,657 | 5,485,328 |
| Prepayments | **5,265,735** | 4,887,302 | - |
| Staff receivables | **1,264,669** | 1,249,176 | 1,253,158 |
| Other receivables | **1,025,263** | 758,935 | 2,439,152 |
| | **38,575,863** | 42,191,993 | 28,118,417 |
| Provision for doubtful accounts | **(7,163,163)** | (16,346,304) | - |
| | **31,412,700** | 25,845,689 | 28,118,417 |

The movement in the provision for doubtful accounts is as follows:

| | September 30, 2009 |
|---|---|
| Balance at the beginning of the period | **16,346,304** |
| Reversed during the period | **(555,749)** |
| Written off | **(1,319,347)** |
| Gain on waiver of capital subscription | **(7,308,045)** |
| Balance at the end of the period | **7,163,163** |

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 period ended September 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.

5. Properties held for trading

The movement during the period / year is as follows:

| | **September 30, 2009** | December 31, 2008 (Audited) | September 30, 2008 |
|---|---|---|---|
| Balance at the beginning of the period / year | **81,504,695** | - | - |
| Additions | **21,803,929** | 24,314,915 | 25,496,248 |
| Transferred from investment properties | **34,230** | 22,012,213 | 13,691,787 |
| Transferred (to) / from properties under development (Note 7) | **(2,786,463)** | 52,474,393 | 484,079 |
| Transferred from work in progress (Note 9) | - | 891,891 | - |
| Disposals | **(31,767,724)** | (18,188,717) | (18,469,034) |
| Foreign currency translation adjustments | **1,370,923** | - | (262,711) |
| Balance at the end of the period / year | **70,159,590** | 81,504,695 | 20,940,369 |

6. Investments available for sale

The movement during the period / year is as follows:

| | **September 30, 2009** | December 31, 2008 (Audited) | September 30, 2008 |
|---|---|---|---|
| Balance at the beginning of the period / year | **24,248,220** | 11,728,068 | 11,728,068 |
| Additions | **40,779,714** | 81,763,044 | 22,397,671 |
| Additions relating to newly consolidated subsidiary | - | - | 11,128,931 |
| Disposals | **(34,094,639)** | (59,482,048) | (1,108,150) |
| Reclassified from investments at fair value through income | - | 845,875 | - |
| Transferred to investment in an associate | - | (3,813,810) | - |
| Changes in fair value | **186,390** | 68,567 | 122,648 |
| Foreign currency translation adjustments | - | - | (3,551) |
| Impairment loss | - | (6,861,476) | - |
| Balance at the end of the period / year | 31,119,685 | 24,248,220 | 44,265,617 |

7. Properties under development

The movement during the period / year is as follows:

| | **September 30, 2009** | December 31, 2008 (Audited) | September 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 | **19,059,306** | 126,426,713 | 113,522,314 |
| Disposals | **(9,996,368)** | (81,903,536) | (21,541,004) |
| Related to acquisition of a newly consolidated subsidiary | - | 41,547,608 | 41,547,608 |
| Transferred from investment properties | - | 3,650,124 | 130,954 |
| Transferred to gross amount due to customers for properties under development | - | - | (476,198) |
| Transferred from / (to) properties held for trading (Note 5) | **2,786,463** | (52,474,393) | (484,079) |
| Transferred to work in progress (Note 9) | - | - | (17,221,694) |
| Impairment loss | - | (24,986,342) | - |
| Foreign currency translation adjustments | **3,440,088** | 10,129 | 9,895 |
| Balance at the end of the period / year | **148,210,673** | 132,921,184 | 236,138,677 |

8. Investment properties

During the period ended September 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 Group.

9. Work in progress

The movement during the period / year is as follows:

| | **September 30, 2009** | December 31, 2008 (Audited) | September 30, 2008 |
|---|---|---|---|
| Balance at the beginning of the period / year | **11,574,714** | 8,824,150 | 8,824,150 |
| Additions | **11,873,968** | 3,642,455 | 2,839,595 |
| Transferred to properties held for trading (Note 5) | - | (891,891) | - |
| Transferred from properties under development (Note 7) | - | - | 17,221,694 |
| Balance at the end of the period / year | **23,448,682** | 11,574,714 | 28,885,439 |

10. Accounts payable and other credit balances

| | **September 30, 2009** | December 31, 2008 (Audited) | September 30, 2008 (Restated) |
|---|---|---|---|
| Trade payables | **26,208,478** | 31,824,944 | 25,408,957 |
| Advances received from customers | **64,220,028** | 45,276,773 | 106,185,975 |
| Due to related parties (Note 16) | **10,192,734** | 9,745,139 | 11,151,425 |
| Retentions payable | **4,342,844** | 2,588,178 | - |
| Accrued development costs | **275,019** | 1,250,737 | 10,062,185 |
| Dividends payable | **748,528** | 757,182 | 760,723 |
| Other payables and accrued expenses | **4,957,434** | 7,602,709 | 8,497,934 |
| | **110,945,065** | 99,045,662 | 162,067,199 |

11. Share capital

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

12. Treasury shares

| | **September 30, 2009** | December 31, 2008 (Audited) | September 30, 2008 |
|---|---|---|---|
| Number of shares (shares) | **48,369,869** | 42,847,154 | 23,807,154 |
| Percentage of issued shares (%) | **9.68%** | 9.44% | 5.24% |
| Market value (KD) | **8,319,617** | 13,496,854 | 18,093,437 |
| Cost (KD) | **27,189,284** | 28,049,447 | 16,918,480 |

Treasury shares includes 39,908,000 shares with a cost of KD 23,224,041 at market value of KD 6,864,176 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 September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2009** | 2008 (Restated) | **2009** | 2008 (Restated) |
| Revenue from sale of properties under development | **1,599,836** | 24,453,336 | **14,207,654** | 52,637,030 |
| Cost of sale of properties under development | **(332,873)** | (6,851,227) | **(9,996,368)** | (21,541,004) |
| Profit from sale of properties under development | **1,266,963** | 17,602,109 | **4,211,286** | 31,096,026 |

14. (Loss) profit from sale of properties held for trading

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2009** | 2008 | **2009** | 2008 |
| Revenue from sale of properties held for trading | **790,000** | 328,869 | **36,454,390** | 27,526,766 |
| Cost of sale of properties held for trading | **(795,873)** | (280,317) | **(31,767,724)** | (18,469,034) |
| (Loss) profit from sale of properties held for trading | **(5,873)** | 48,552 | **4,686,666** | 9,057,732 |

During the year ended December 31, 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 September 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. 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, | |
|---|---|---|---|---|
| | **2009** | 2008 (Restated) | **2009** | 2008 (Restated) |
| Net profit for the period attributable to equity holders of the Parent Company | **138,975** | 25,680,184 | **10,026,923** | 50,165,196 |
| | **Shares** | Shares | **Shares** | Shares |
| Weighted average number of issued and fully paid-up shares | **454,069,800** | 454,069,800 | **454,069,800** | 414,235,107 |
| Bonus shares | **45,406,980** | 45,406,980 | **45,406,980** | 45,406,980 |
| Less: Weighted average number of treasury shares | **(48,369,869)** | (15,098,619) | **(48,989,649)** | (12,093,030) |
| Weighted average number of shares outstanding | **451,106,911** | 484,378,161 | **450,487,131** | 447,549,057 |
| | **Fils** | Fils | **Fils** | Fils |
| Earnings per share attributable to equity holders of the Parent Company | **0.31** | 53.02 | **22.26** | 112.09 |

Earnings per share reported for the three and nine months ended September 30, 2008 were 62.57 fils and 130.32 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.

16. Related parties' disclosures

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

| | Major shareholders | Joint ventures | Other related parties | **September 30, 2009** | December 31, 2008 (Audited) | September 30, 2008 |
|---|---|---|---|---|---|---|
| **Balances included in the interim condensed consolidated statement of financial position** | | | | | | |
| Cash and cash equivalents (Note 3) | 686 | - | - | **686** | 980 | 70,676 |
| Accounts receivable and other debit balances (Note 4) | 1,755,972 | 3,667,596 | 64,368 | **5,487,936** | 3,568,657 | 5,485,328 |
| Accounts payable and other credit balances (Note 10) | 2,010,608 | 8,182,126 | - | **10,192,734** | 9,745,139 | 11,151,425 |
| Wakala and Murabaha payable | - | - | - | - | - | 3,146,330 |
| **Transactions included in the interim condensed consolidated statement of income** | | | | | | |
| Management fees, commission and consultancy income | 46,481 | 34,905 | 190,423 | **271,809** | 830,146 | 135,086 |
| Finance charges | - | - | - | - | - | 500,004 |

| | **Nine months ended September 30, 2009** | Year ended December 31, 2008 (Audited) | Nine months ended September 30, 2008 |
|---|---|---|---|
| **Key management compensation:** | | | |
| Salaries and other short term benefits | **222,800** | 684,012 | 548,346 |
| Terminal benefits | **14,494** | 41,366 | 38,864 |
| | **237,294** | 725,378 | 587,210 |

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.

17. General Assembly

The Shareholders' Annual General Assembly held on May 17, 2009 approved the distribution of 10 bonus shares for every 100 shares.

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. 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.

18. 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, 2009, amounted to KD 11,725,582 (December 31, 2008 – KD 13,552,550 and September 30, 2008 – KD 12,441,503).

19. Segment information

For management purposes, the Group is divided into three geographical segments, that 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.

20. Capital commitments and contingent liabilities

| | **September 30, 2009** | December 31, 2008 (Audited) | September 30, 2008 |
|---|---|---|---|
| Letters of guarantee | **36,660,000** | 27,861,300 | 36,617,500 |
| Capital commitments | **113,718,505** | 103,856,803 | 37,473,785 |
| | **150,378,505** | 131,718,103 | 74,091,285 |

The capital commitments balance represents the estimated and the remaining amounts of contracts and projects to be executed in the future.

21. Comparative figures

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