



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

INTERIM CONSOLIDATED FINANCIAL INFORMATION  
FOR THE PERIOD ENDED SEPTEMBER 30, 2010  
(UNAUDITED)  
WITH REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION

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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)  
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, 2010 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 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, 2010 that might have had a material effect on the business of the Group or on its financial position.

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**AL MAZAYA HOLDING COMPANY K.S.C. (HOLDING) AND ITS SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**AS OF SEPTEMBER 30, 2010**  
 (All amounts are in Kuwaiti Dinars)

<u>ASSETS</u>	Note	September 30, 2010	December 31, 2009 (Audited)	September 30, 2009
Cash and cash equivalents	3	25,756,837	28,180,304	36,852,662
Accounts receivable and other debit balances	4	12,417,642	31,531,428	28,102,744
Murabaha receivable		2,609,309	3,223,456	3,723,456
Properties held for trading	5	144,931,156	126,122,141	162,959,778
Investments available for sale	6	28,642,397	24,713,492	31,119,685
Investment in associates	7	4,276,282	10,414,824	3,055,022
Investment in joint ventures		11,616,441	11,790,446	11,728,624
Investment properties	8	106,352,310	100,232,287	67,417,810
Fixed assets	9	26,614,402	22,796,458	21,371,099
Leasehold land		1,565,814	1,620,248	1,638,592
Goodwill		3,091,732	3,091,732	3,091,732
Total assets		<u>367,874,322</u>	<u>363,716,816</u>	<u>371,061,204</u>
<u>LIABILITIES AND EQUITY</u>				
Liabilities:				
Bank overdraft		4,996,195	5,073,936	4,998,485
Accounts payable and other credit balances	10	110,458,746	107,223,322	110,945,065
Term loans		45,000,000	44,970,000	44,970,000
Wakala and Murabaha payables		8,500,000	8,500,000	5,000,000
Deferred consideration on acquisition of properties		30,830,841	31,464,443	31,797,243
Provision for end of service indemnity		312,563	283,952	260,188
Total liabilities		<u>200,098,345</u>	<u>197,515,653</u>	<u>197,970,981</u>
Equity:				
Share capital		49,947,675	49,947,675	49,947,675
Share premium		75,714,971	75,714,971	75,714,971
Statutory reserve	11	9,646,725	9,646,725	9,131,420
Voluntary reserve	11	6,711,805	9,646,725	9,131,420
Treasury shares reserve	11	-	701,077	701,077
Cumulative changes in fair value	11	(597,807)	56,055	144,511
Assets revaluation surplus	11	519,366	519,366	519,366
Foreign currency translation adjustments	11	1,546,254	1,478,702	1,786,105
Effect of changes in subsidiary's treasury shares		(457,645)	(457,645)	(671,823)
Effect of changes in subsidiary's equity		80,019	(156,410)	57,768
Retained earnings		1,546,207	4,220,515	10,124,995
Total equity		<u>144,657,570</u>	<u>151,317,756</u>	<u>156,587,485</u>
Treasury shares	12	(17,354,505)	(27,189,284)	(27,189,284)
Equity attributable to equity holders of the Parent Company		127,303,065	124,128,472	129,398,201
Non-controlling interests		40,472,912	42,072,691	43,692,022
Total equity		<u>167,775,977</u>	<u>166,201,163</u>	<u>173,090,223</u>
Total liabilities and equity		<u>367,874,322</u>	<u>363,716,816</u>	<u>371,061,204</u>

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 ITS SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2010**

(All amounts are in Kuwaiti Dinars)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2010	2009	2010	2009
Gross profit	13	153,757	1,261,090	4,503,667	8,897,952
Management fees, commission and consultancy income		96,429	135,972	402,370	1,034,342
Rental income		334,969	-	471,302	-
Net investment income (loss)	14	14,925	(283,218)	2,546,878	(264,405)
Loss on partial disposal of a subsidiary		-	-	-	(568,002)
Group's share of results from associates	7	9,816	-	(493,476)	-
Group's share of results from joint ventures		109,965	(95,560)	(161,183)	(287,401)
Gain on waiver of capital subscription		-	-	-	7,308,045
Gain from sale of an associate	7	-	-	546,743	-
Impairment losses for investments available for sale	6	(196,717)	-	(2,545,478)	-
Dilution gain	7	-	-	134,620	-
Provision no longer required	7	-	-	349,901	-
Marketing expenses		(21,542)	(56,354)	(135,368)	(175,717)
General and administrative expenses		(829,647)	(628,383)	(2,579,912)	(2,362,895)
Expenses related to equity settled share based payments		-	(30,636)	-	(91,907)
Depreciation and amortization		(94,413)	(92,551)	(292,810)	(286,084)
Expenses on completed projects		(23,629)	(19,227)	(55,020)	(33,847)
Foreign currency exchange differences		91,719	86,203	184,367	4,940
Other (expenses) income		(318,224)	84,756	(46,906)	660,312
Murabaha income		15,220	-	109,923	-
Interest income		67,419	260,255	284,657	610,371
Finance charges		(603,137)	(620,161)	(1,909,915)	(1,879,730)
(Loss) profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences, National Labor Support Tax and contribution to Zakat		(1,193,090)	2,186	1,314,360	12,565,974
Contribution to Kuwait Foundation for the Advancement of Sciences	15	-	-	-	(50,171)
National Labor Support Tax	15	-	-	-	(143,665)
Contribution to Zakat	15	-	-	-	(58,239)
Net (loss) profit for the period		<u>(1,193,090)</u>	<u>2,186</u>	<u>1,314,360</u>	<u>12,313,899</u>
Attributable to:					
Equity holders of the Parent Company		(1,018,548)	138,975	1,546,207	10,026,923
Non-controlling interests		(174,542)	(136,789)	(231,847)	2,286,976
Net (loss) profit for the period		<u>(1,193,090)</u>	<u>2,186</u>	<u>1,314,360</u>	<u>12,313,899</u>
		<u>Fils</u>	<u>Fils</u>	<u>Fils</u>	<u>Fils</u>
(Loss) earnings per share attributable to equity holders of the Parent Company	16	<u>(2.18)</u>	<u>0.31</u>	<u>3.31</u>	<u>22.26</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 ITS SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2010**  
 (All amounts are in Kuwaiti Dinars)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2010	2009	2010	2009
Net (loss) profit for the period		<u>(1,193,090)</u>	<u>2,186</u>	<u>1,314,360</u>	<u>12,313,899</u>
Other comprehensive (loss) income:					
Foreign currency translation adjustments		<u>(802,331)</u>	<u>(380,270)</u>	<u>67,552</u>	<u>2,593,647</u>
Investments available for sale	6	<u>(1,252,548)</u>	<u>131,478</u>	<u>(1,218,983)</u>	<u>186,390</u>
Assets revaluation surplus		<u>-</u>	<u>-</u>	<u>-</u>	<u>(103,873)</u>
Other comprehensive (loss) income for the period		<u>(2,054,879)</u>	<u>(248,792)</u>	<u>(1,151,431)</u>	<u>2,676,164</u>
Total comprehensive (loss) income for the period		<u><u>(3,247,969)</u></u>	<u><u>(246,606)</u></u>	<u><u>162,929</u></u>	<u><u>14,990,063</u></u>
Attributable to:					
Equity holders of the Parent Company		<u>(2,508,306)</u>	<u>(245,053)</u>	<u>959,897</u>	<u>12,592,641</u>
Non-controlling interests		<u>(739,663)</u>	<u>(1,553)</u>	<u>(796,968)</u>	<u>2,397,422</u>
Total comprehensive (loss) income for the period		<u><u>(3,247,969)</u></u>	<u><u>(246,606)</u></u>	<u><u>162,929</u></u>	<u><u>14,990,063</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 ITS SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2010**

(All amounts are in Kuwaiti Dinars)

	Attributable to equity holders of the Parent Company									
	Share capital	Share premium	Other equity balances (Note 11)	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, 2009	49,947,675	75,714,971	22,048,650	(457,645)	(156,410)	4,220,515	(27,189,284)	124,128,472	42,072,691	166,201,163
Sale of treasury shares	-	-	(3,635,997)	-	-	(4,220,515)	9,834,779	1,978,267	-	1,978,267
Effect of changes in ownership percentage of a subsidiary	-	-	(566,310)	-	236,429	-	-	236,429	(802,811)	(566,382)
Total comprehensive (loss) income for the period	-	-	(566,310)	-	-	1,546,207	-	959,897	(796,968)	162,929
<b>Balance as at September 30, 2010</b>	<b>49,947,675</b>	<b>75,714,971</b>	<b>17,826,343</b>	<b>(457,645)</b>	<b>80,019</b>	<b>1,546,207</b>	<b>(17,354,505)</b>	<b>127,303,065</b>	<b>40,472,912</b>	<b>167,775,977</b>
Balance as at December 31, 2008	45,406,980	75,714,971	19,708,993	(457,645)	57,768	4,638,767	(28,049,447)	117,020,387	38,458,291	155,478,678
Bonus shares (Note 18)	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 treasury shares	-	-	-	(214,178)	-	-	-	(214,178)	(88,744)	(302,922)
Net movement in non-controlling interests	-	-	-	-	-	-	-	-	2,925,053	2,925,053
Total comprehensive income for the period	-	-	2,565,718	-	-	10,026,923	-	12,592,641	2,397,422	14,990,063
Balance as at September 30, 2009	49,947,675	75,714,971	21,413,899	(671,823)	57,768	10,124,995	(27,189,284)	129,398,201	43,692,022	173,090,223

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 ITS SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2010**

(All amounts are in Kuwaiti Dinars)

	Nine months ended September 30,	
	2010	2009
<b>Cash flows from operating activities:</b>		
Profit for the period before contribution to Kuwait Foundation for the Advancement of Sciences, National Labour Support Tax and contribution to Zakat	1,314,360	12,565,974
Adjustments for:		
Net investment (income) loss	(2,546,878)	264,405
Loss on partial disposal of a subsidiary	-	568,002
Group's share of results from associates	493,476	-
Group's share of results from joint ventures	161,183	287,401
Gain on waiver of capital subscription	-	(7,308,045)
Gain from sale of an associate	(546,743)	-
Impairment losses for investments available for sale	2,545,478	-
Dilution gain	(134,620)	-
Provision no longer required	(349,901)	-
Expenses related to equity settled share based payments	-	91,907
Depreciation and amortization	292,810	286,084
Foreign currency exchange gain	(184,367)	(4,940)
Murabaha income	(109,923)	-
Interest income	(284,657)	(610,371)
Finance charges	1,909,915	1,879,730
Provision for end of service indemnity	31,519	83,660
	<u>2,591,652</u>	<u>8,103,807</u>
Changes in operating assets and liabilities:		
Accounts receivable and other debit balances	13,912,845	(6,435,793)
Murabaha receivable	614,147	-
Properties held for trading	(19,023,708)	5,582,355
Investment properties	(1,288,746)	-
Accounts payable and other credit balances	3,569,030	2,727,220
Deferred consideration on acquisition of properties	(570,954)	(2,210,576)
	<u>(195,734)</u>	<u>7,767,013</u>
End of service indemnity paid	(2,611)	(33,829)
Net cash (used in) generated from operating activities	<u>(198,345)</u>	<u>7,733,184</u>
<b>Cash flows from investing activities:</b>		
Proceeds from sale of investments at fair value through income statement	-	1,258
Paid for purchase of investments available for sale	(11,062,940)	(40,779,714)
Proceeds from sale of investments available for sale	5,494,330	34,158,614
Proceeds from partial disposal of a subsidiary	-	3,239,441
Investment in joint ventures	-	18,807
Proceeds from sale of investment in an associate	6,326,429	-
Paid for investment in unconsolidated subsidiary	-	(145,100)
Interest income received	461,558	271,245
Dividend income received	422,122	715
Murabaha income received	614,147	-
Paid against increase in equity holding of a subsidiary	(600,000)	(546,220)
Fixed assets	(4,056,321)	(11,992,265)
Net cash used in investing activities	<u>(2,400,675)</u>	<u>(15,773,219)</u>

**AL MAZAYA HOLDING COMPANY K.S.C. (HOLDING) AND ITS SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2010**

(All amounts are in Kuwaiti Dinars)

	Nine months ended September 30,	
	2010	2009
<b>Cash flows from financing activities:</b>		
Bank overdrafts	(77,741)	(95,258)
Term loans	30,000	-
Purchase of treasury shares	-	(848,642)
Purchase of subsidiary's treasury shares	-	(214,178)
Finance charges paid	(1,754,973)	(2,337,482)
Wakala and Murabaha payables	-	(1,070,000)
Proceeds from sale of treasury shares	1,978,267	847,993
Movement in non-controlling interests	-	(146,593)
Net cash generated from (used in) financing activities	<u>175,553</u>	<u>(3,864,160)</u>
Net decrease in cash and cash equivalents	(2,423,467)	(11,904,195)
Cash and cash equivalents at the beginning of the period	<u>28,180,304</u>	<u>48,756,857</u>
Cash and cash equivalents at the end of the period (Note 3)	<u><u>25,756,837</u></u>	<u><u>36,852,662</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 ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**SEPTEMBER 30, 2010**

(All amounts are in Kuwaiti Dinars)

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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 9, 2010.

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, 2009.

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, 2010 are not necessarily indicative of the results that may be expected for the year ending December 31, 2010. For further information, refer to the consolidated financial statements and notes thereto for the year ended December 31, 2009.

The interim financial information of United Circle General Contracting and Building - Abdulla Faisal Al Sultan and Partner - W.L.L. have been consolidated in the interim consolidated financial information as of September 30, 2010, while the comparative figures for the year ended December 31, 2009 and the period ended September 30, 2009 do not include such information:

Interim condensed consolidated statement of financial position:

Cash and cash equivalents	<u>Amount</u> 72,227
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Interim condensed consolidated statement of income:

Management fees, commission and consultancy income	79,954
General and administrative expenses	3,518

**AL MAZAYA HOLDING COMPANY K.S.C. (HOLDING) AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**SEPTEMBER 30, 2010**

(All amounts are in Kuwaiti Dinars)

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	Percentage of ownership		
		September 30, 2010 %	December 31, 2009 (Audited) %	September 30, 2009 %
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 FZ / LLC	U.A.E	100	100	100
Mazaya Investments (DIFC) Limited	U.A.E	100	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. (Closed)	Kuwait	100	100	100
First Dubai Real Estate Development Company - K.S.C. (Closed) and its subsidiaries:	Kuwait	63.98	63.98	63.98
Future International Project Management – W.L.L. and its subsidiary:	Kuwait	85	85	85
Waterfront Real Estate Company K.S.C. (Closed)	Kuwait	91.97	91.97	91.97
United Circle General Contracting and Buildings – Abdulla Faisal Al Sultan and Partner – W.L.L.	Kuwait	100	-	-

During the period ended September 30, 2010, the Group pledged 475 million shares from its investment in the subsidiary – First Dubai Real Estate Development K.S.C. (Closed) which represent 74% from the Group's ownership in the subsidiary against term loans. The fair market value of these pledged shares was KD 12,369,500 as of September 30, 2010. The Group also pledged 5.6 million shares from its investment in the subsidiary – Waterfront Real Estate K.S.C. (Closed) which represent 6% from the Group's ownership in the subsidiary against term loans. The fair market value of these pledged shares was KD 84,105 as of September 30, 2010.

During the period ended September 30, 2010, the Group increased its direct holding of the subsidiary - Waterfront Real Estate Company - K.S.C. (Closed) by 4%, accordingly the Group's ownership percentage in this subsidiary became 82.17%. The consideration paid for acquisition of the subsidiary's shares amounted to KD 600,000 while the respective book value was KD 969,554. The difference between the consideration paid and the shares' book value amounted to KD 369,554 has been recognized in the equity of the Group.

**AL MAZAYA HOLDING COMPANY K.S.C. (HOLDING) AND ITS SUBSIDIARIES**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)**  
**SEPTEMBER 30, 2010**

(All amounts are in Kuwaiti Dinars)

3. Cash and cash equivalents

	September 30, 2010	December 31, 2009 (Audited)	September 30, 2009
Cash on hand and at banks	15,896,331	20,760,706	22,459,087
Short term bank deposits	9,844,032	7,182,970	14,392,889
Cash in investment portfolios (Note 17)	16,474	236,628	686
	<u>25,756,837</u>	<u>28,180,304</u>	<u>36,852,662</u>

The average effective interest rate on short term bank deposits was 2% (December 31, 2009 - 2% and September 30, 2009 – 2.5%) per annum. These deposits have an average maturity of 64 days (December 31, 2009 - 30 days and September 30, 2009 - 44 days).

Cash on hand and at banks include an amount of KD 13,457,150 (December 31, 2009 – KD 18,140,492 and September 30, 2009 – KD 20,615,429) representing restricted cash to be used only against construction work.

4. Accounts receivable and other debit balances

	September 30, 2010	December 31, 2009 (Audited)	September 30, 2009
Trade receivable	3,204,231	5,142,216	5,880,948
Advance payments	3,318,254	11,938,128	14,030,428
Advances for capital subscription	-	7,163,163	7,163,163
Due from related parties (Note 17)	4,736,493	5,365,299	5,487,936
Staff receivables	-	1,254,791	1,264,669
Other receivables	1,959,553	1,468,720	1,438,763
	<u>13,218,531</u>	<u>32,332,317</u>	<u>35,265,907</u>
Provision for doubtful accounts	(800,889)	(800,889)	(7,163,163)
	<u>12,417,642</u>	<u>31,531,428</u>	<u>28,102,744</u>

5. Properties held for trading

	September 30, 2010	December 31, 2009 (Audited)	September 30, 2009
Balance at the beginning of the period / year	126,122,141	197,864,613	197,864,613
Additions	32,311,235	60,695,339	40,291,064
Disposals (Note 13)	(13,287,525)	(49,168,968)	(41,764,092)
Transferred to investment properties (Note 8)	-	(86,648,299)	(36,024,732)
Foreign currency translation adjustments	(214,695)	3,379,456	2,592,925
Balance at the end of the period / year	<u>144,931,156</u>	<u>126,122,141</u>	<u>162,959,778</u>

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6. Investments available for sale

	September 30, 2010	December 31, 2009 (Audited)	September 30, 2009
Balance at the beginning of the period / year	24,713,492	24,248,220	24,248,220
Additions	11,062,940	47,011,510	40,779,714
Disposals	(3,369,574)	(39,925,963)	(34,094,639)
Transferred to investment in associates (Note 7)	-	(6,676,330)	-
Changes in fair value	(1,218,983)	56,055	186,390
Impairment losses	(2,545,478)	-	-
Balance at the end of the period / year	<u>28,642,397</u>	<u>24,713,492</u>	<u>31,119,685</u>

Investment available for sale with fair value of KD 6,662,831 is pledged against loan from a related party (Note 10).

Investments available for sale with fair value amounting to KD 17,651,526 are pledged against term loans.

7. Investment in associates

Name of the associate	Country of Incorporation	Ownership of percentage		
		September 30, 2010	December 31, 2009 (Audited)	September 30, 2009
Mazaya Qatar Real Estate Development Q.S.C	Qatar	5.77%	11.52%	11.52%
Real Estate Development J.S.C	Jordan	-	20.27%	-

The movement during the period / year is as follows:

	September 30, 2010	December 31, 2009 (Audited)	September 30, 2009
Balance at the beginning of the period / year	11,247,105	3,905,889	3,905,889
Transferred from investments available for sale (Note 6)	-	6,676,330	-
Additions	-	615,920	615,920
Group's share of results from associates	(493,476)	48,811	-
Disposals	(6,129,587)	-	-
Dilution gain	134,620	-	-
Foreign currency translation adjustments	-	155	33,213
	<u>4,758,662</u>	<u>11,247,105</u>	<u>4,555,022</u>
Provision for investment in associates	(482,380)	(832,281)	(1,500,000)
Balance at the end of the period / year	<u>4,276,282</u>	<u>10,414,824</u>	<u>3,055,022</u>

During the period ended September 30, 2010, the Group sold its investment in Real Estate Development J.S.C. for KD 6,676,330 which resulted in a gain on sale with an amount of KD 546,743.

During the year ended December 31, 2009, the Group accounted for a provision for its investment in the associate – Mazaya Qatar Real Estate Development Q.S.C. with an amount of KD 832,281. During the period ended September 30, 2010, the Group's ownership percentage in Mazaya Qatar Real Estate Development Q.S.C. has been reduced from 11.52% to 5.77% due to increase associate's capital, for which the Group did not participate. Accordingly, the Group's share of the provided provision has been reduced. Therefore, the Group reversed an amount of KD 349,901 in the interim condensed consolidated statement of income.

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8. Investment properties

	September 30, 2010	December 31, 2009 (Audited)	September 30, 2009
Balance at the beginning of the period / year	100,232,287	18,286,395	18,286,395
Additions	6,190,926	11,620,362	11,067,372
Transferred from properties held for trading (Note 5)	-	86,648,299	36,024,732
Changes in fair value	-	(16,028,799)	-
Foreign currency translation adjustments	(70,903)	(293,970)	2,039,311
Balance at the end of the period / year	<u>106,352,310</u>	<u>100,232,287</u>	<u>67,417,810</u>

Investment property amounting to KD 9,380,000 are pledged against certain term loan.

9. Fixed assets

During the period ended September 30, 2010, the Group incurred an amount of KD 3,414,097 for construction works related to work in progress towers which the Group intends to use in the future.

Fixed assets amounting to KD 15,970,758 are pledged against certain term loan.

10. Accounts payable and other credit balances

	September 30, 2010	December 31, 2009 (Audited)	September 30, 2009
Trade payables	17,707,292	20,449,459	26,208,478
Advances received from customers	69,212,073	64,030,508	64,220,028
Amounts due to related parties (Note 17)	8,852,846	10,482,183	10,192,734
Retentions payable	8,579,677	6,320,453	4,342,844
Accrued development costs	73,591	136,800	275,019
Dividends payable	726,121	747,868	748,528
Other payables and accrued expenses	5,307,146	5,056,051	4,957,434
	<u>110,458,746</u>	<u>107,223,322</u>	<u>110,945,065</u>

Amounts due to related parties as of September 30, 2010 include an amount of KD 1,574,798 representing a loan provided by a related party bearing an interest rate of 4.2% per annum and will mature on April 20, 2011. This loan is secured by an investment available for sale with a fair value of KD 6,662,831 (Note 6).

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11. Other equity balances

	Statutory reserve	Voluntary reserve	Treasury shares reserve	Cumulative changes in fair value	Assets revaluation surplus	Foreign currency translation adjustments	Total
Balance as at December 31, 2009	9,646,725	9,646,725	701,077	56,055	519,366	1,478,702	22,048,650
Sale of treasury shares	-	(2,934,920)	(701,077)	-	-	-	(3,635,997)
Total comprehensive (loss) income for the period	-	-	-	(653,862)	-	67,552	(586,310)
<b>Balance as at September 30, 2010</b>	<b>9,646,725</b>	<b>6,711,805</b>	<b>-</b>	<b>(597,807)</b>	<b>519,366</b>	<b>1,546,254</b>	<b>17,826,343</b>
Balance as at December 31, 2008	9,131,420	9,131,420	1,561,889	68,567	623,239	(807,542)	19,708,993
Sale of treasury shares	-	-	(860,812)	-	-	-	(860,812)
Total comprehensive income (loss) for the period	-	-	-	75,944	(103,873)	2,593,647	2,565,718
<b>Balance as at September 30, 2009</b>	<b>9,131,420</b>	<b>9,131,420</b>	<b>701,077</b>	<b>144,511</b>	<b>519,366</b>	<b>1,786,105</b>	<b>21,413,899</b>

12. Treasury shares

	September 30, 2010	December 31, 2009 (Audited)	September 30, 2009
Number of shares (shares)	32,289,869	49,189,869	48,369,869
Percentage of issued shares (%)	6.46%	9.85%	9.68%
Market value (Kuwaiti Dinar)	2,809,218	5,997,864	8,319,617
Cost (Kuwaiti Dinar)	17,354,505	27,189,284	27,189,284

Treasury shares include 23,008,000 (December 31, 2009 – 39,908,000, September 30, 2009 – 39,908,000) shares with a cost of KD 13,389,263 (December 31, 2009 – KD 23,226,456, September 30, 2009 – KD 23,224,041) at market value of KD 2,001,696 recorded in the books of a subsidiary – First Dubai Real Estate Development K.S.C. (Closed), these shares are pledged against certain murabaha payable.

During the period ended September 30, 2010, the Parent Company pledged 9,250,000 shares from its treasury shares against Murabaha contract.

13. Gross profit

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
Revenue from sale of properties held for trading	1,222,615	2,389,836	17,791,192	50,662,044
Cost of sale of properties held for trading (Note 5)	(1,068,858)	(1,128,746)	(13,287,525)	(41,764,092)
<b>Gross profit</b>	<b>153,757</b>	<b>1,261,090</b>	<b>4,503,667</b>	<b>8,897,952</b>

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14. Net investment income (loss)

	Three months ended September 30,		Nine months ended September 30,	
	2010	2009	2010	2009
Realized loss on sale of investments at fair value through income statement	-	-	-	(77)
Realized gain (loss) on sale of investment available for sale	11,668	(283,218)	2,124,756	(265,043)
Dividend income	3,257	-	422,122	715
	<u>14,925</u>	<u>(283,218)</u>	<u>2,546,878</u>	<u>(264,405)</u>

15. Contribution to Kuwait Foundation for the Advancement of Sciences, National Labor Support Tax and Contribution to Zakat

During the year ended December 31, 2009, the Group has reversed certain provisions no longer required and utilized part of them to reduce the taxable profit to zero balance and accordingly there was no profit on which contribution to Kuwait Foundation for the Advancement of Sciences, National Labor Support Tax and contribution to Zakat could be calculated for the year ended December 31, 2009.

During the period ended September 30, 2010, the Group utilized another part of reversed provisions during the year 2009 to reduce the September 30, 2010 taxable profit to zero balance and accordingly there was no profit on which contribution to Kuwait Foundation for the Advancement of Sciences, National Labor Support Tax and contribution to Zakat could be calculated for the period ended September 30, 2010.

16. (Loss) 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,	
	2010	2009	2010	2009
Net (loss) profit for the period attributable to equity holders of the Parent Company	<u>(1,018,548)</u>	<u>138,975</u>	<u>1,546,207</u>	<u>10,026,923</u>
	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>
Weighted average number of issued and fully paid-up shares	499,476,780	499,476,780	499,476,780	499,476,780
Less: weighted average number of treasury shares	(32,289,869)	(48,369,869)	(32,872,287)	(48,989,649)
Weighted average number of shares outstanding	<u>467,186,911</u>	<u>451,106,911</u>	<u>466,604,493</u>	<u>450,487,131</u>
	<u>Fils</u>	<u>Fils</u>	<u>Fils</u>	<u>Fils</u>
(Loss) earnings per share attributable to equity holders of the Parent Company	<u>(2.18)</u>	<u>0.31</u>	<u>3.31</u>	<u>22.26</u>

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17. 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, 2010	December 31, 2009 (Audited)	September 30, 2009
<b>Balances included in the interim condensed consolidated statement of financial position:</b>						
Cash and cash equivalents (Note 3)	16,474	-	-	16,474	236,628	686
Accounts receivable and other debit balances (Note 4)	1,751,454	2,679,701	305,338	4,736,493	5,365,299	5,487,936
Accounts payable and other credit balances (Note 10)	3,168,559	5,146,212	538,075	8,852,846	10,482,183	10,192,734
<b>Transactions included in the interim condensed consolidated statement of income:</b>						
Management fees, commission and consultancy income (expenses)	12,563	(54,510)	89,086	47,139	547,986	271,809

**Key management compensation:**

Salaries and other short term benefits  
 Terminal benefits

	Nine months ended September 30, 2010	Year ended December 31, 2009 (Audited)	Nine months ended September 30, 2009
Salaries and other short term benefits	205,167	283,267	222,800
Terminal benefits	8,970	24,294	14,494
	<u>214,137</u>	<u>307,561</u>	<u>237,294</u>

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

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18. General Assembly

The shareholders' Annual General Assembly held on May 26, 2010 approved not to distribute any cash dividends or bonus shares as of General Assembly dated for the year ended December 31, 2009.

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.

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 September 30, 2010, amounted to KD 6,840,820 (December 31, 2009 – KD 12,060,967 and September 30, 2009 – KD 11,725,582).

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**20. Segment information**

For management purposes, the Group is divided into three geographical segments that are: State of Kuwait, United Arab Emirates (UAE), Kingdom of Saudi Arabia (KSA) and others, where the Group performs its main activities in the real estate segment. There is no income generating transactions between the Group's segments.

	Nine months ended September 30, 2010				Nine months ended September 30, 2009					
	Kuwait	UAE	KSA	Others	Total	Kuwait	UAE	KSA	Others	Total
Gross (loss) profit	(129,735)	2,817,416	1,815,986	-	4,503,667	25,329	8,872,623	-	-	8,897,952
Management fees, commission & consultancy income	55,193	241,274	3,280	102,623	402,370	91,918	682,518	61,704	198,202	1,034,342
Rental income	-	335,011	136,291	43,321	471,302	-	-	-	-	-
Net investment income (loss)	2,461,287	42,270	-	-	2,546,878	(568,002)	-	-	-	(264,405)
Loss on partial disposal of a subsidiary	-	-	-	(493,476)	(493,476)	(13,439)	-	-	-	(568,002)
Group's share of results from associates	-	-	-	-	-	7,308,045	(273,962)	-	-	(287,401)
Group's share of results from joint ventures	(9,473)	(151,710)	-	-	(161,183)	-	-	-	-	7,308,045
Gain from sale of an associate	-	-	-	546,743	546,743	-	-	-	-	-
Impairment losses for investments available for sale	(2,545,478)	-	-	-	(2,545,478)	-	-	-	-	-
Dilution gain	-	-	-	134,620	134,620	-	-	-	-	-
Provision no longer required	-	-	-	349,901	349,901	-	-	-	-	-
Marketing expenses	(84,886)	(50,482)	-	-	(135,368)	(101,673)	(74,044)	-	-	(175,717)
General and administrative expenses	(1,452,518)	(1,127,394)	-	-	(2,579,912)	(1,507,280)	(855,615)	-	-	(2,362,895)
Expenses related to equity settled share based payments	-	-	-	-	-	(91,907)	-	-	-	(91,907)
Depreciation and amortization	(130,032)	(108,344)	-	(54,434)	(292,810)	(174,565)	(111,519)	-	-	(286,084)
Expenses on completed projects	(55,020)	-	-	-	(55,020)	(33,847)	-	-	-	(33,847)
Foreign currency exchange differences	5,209	179,158	-	-	184,367	(79,960)	84,900	-	-	4,940
Other income (expenses)	165,416	(212,322)	-	-	(46,906)	769,656	(109,344)	-	-	660,312
Murabaha income	62,384	-	-	47,539	109,923	-	-	-	-	109,923
Interest income	88,919	195,738	-	-	284,657	100,313	483,056	-	-	610,371
Finance charges	(1,891,277)	(19,638)	-	-	(1,909,915)	(1,879,730)	-	-	27,002	(1,879,730)
Contribution to Kuwait Foundation for the Advancement of Sciences	-	-	-	-	-	(50,171)	-	-	-	(50,171)
National Labor Support Tax	-	-	-	-	-	(143,665)	-	-	-	(143,665)
Contribution to Zakat	-	-	-	-	-	(58,239)	-	-	-	(58,239)
Net (loss) profit for the period	(3,460,011)	2,141,977	1,955,557	676,837	1,314,360	3,328,378	8,698,613	61,704	225,204	12,313,899
Total segment assets	93,227,652	254,397,062	9,380,400	10,869,208	367,874,322	76,096,954	264,050,568	14,715,591	16,198,091	371,061,204
Total segment liabilities	75,853,242	124,245,103	-	-	200,098,345	75,334,603	122,635,992	-	386	197,970,981

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21. Capital commitments and contingent liabilities

	September 30, 2010	December 31, 2009 (Audited)	September 30, 2009
Letters of guarantee	22,876,000	22,876,000	36,660,000
Capital commitments	51,596,227	103,054,154	113,718,505
	<u>74,472,227</u>	<u>125,930,154</u>	<u>150,378,505</u>

The capital commitments balance represents the estimated and the remaining amounts of contracts and projects to be executed in the future. The estimated revenue related to these contracts and projects are KD 39,885,662 as of September 30, 2010.

22. Comparative figures

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