

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

INTERIM CONDENSED CONSOLIDATED
FINANCIAL INFORMATION (UNAUDITED)

31 March 2011



MAZAYA

AIM TO LEAD



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

INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED MARCH 31, 2011
(UNAUDITED)
WITH REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION

CONTENTS

	<u>Pages</u>
Report on review of interim consolidated financial information	
Interim condensed consolidated statement of financial position (Unaudited)	2
Interim condensed consolidated statement of income (Unaudited)	3
Interim condensed consolidated statement of comprehensive income (Unaudited)	4
Interim condensed consolidated statement of changes in equity (Unaudited)	5
Interim condensed consolidated statement of cash flows (Unaudited)	6
Notes to the interim consolidated financial information (Unaudited)	7 -15



Public Accountants

Kuwait Airways Building, 7th Floor
Shuhada Street, P.O. Box 2115 Safat
13022 - State of Kuwait

T + 965 22410010

T + 965 22961000

F + 965 22412761

www.albazie.com

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)
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 March 31, 2011 and the related interim condensed consolidated statements of income, comprehensive income, changes in equity and cash flows for the three 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 March 31, 2011 that might have had a material effect on the business of the Group or on its financial position.

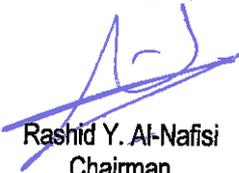
Ali Owaid Rukheyas
Licence No. 72 - A
Member of the International Group
of Accounting Firms

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

AL MAZAYA HOLDING COMPANY K.S.C. (HOLDING) AND ITS SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS OF MARCH 31, 2011
(All amounts are in Kuwaiti Dinars)

		March 31, 2011	December 31, 2010 (Audited)	March 31, 2010
ASSETS				
Cash and cash equivalents	3	16,106,020	20,483,961	38,586,502
Accounts receivable and other debit balances	4	16,806,214	9,685,383	19,090,180
Murabaha receivables		2,609,309	2,609,309	2,998,456
Properties held for trading		140,911,357	138,972,881	133,398,458
Investments available for sale		18,470,588	18,406,908	24,116,423
Investment in associates		13,258,399	13,263,803	9,781,547
Investment in joint ventures	5	11,458,151	11,525,814	11,618,302
Investment properties		115,652,601	115,374,019	101,402,719
Fixed assets		243,658	294,720	23,720,767
Leasehold land		1,529,525	1,547,470	1,602,303
Goodwill		3,091,732	3,091,732	3,091,732
Total assets		340,137,554	335,256,000	369,407,389
LIABILITIES AND EQUITY				
Liabilities:				
Bank overdraft		5,175,744	4,971,120	5,006,582
Accounts payable and other credit balances	6	113,973,954	125,823,543	108,037,836
Term loans		40,500,000	42,000,000	44,970,000
Wakala and Murabaha payables		8,500,000	8,500,000	8,500,000
Deferred consideration on acquisition of properties		29,884,979	30,070,031	31,435,610
Provision for end of service indemnity		266,992	257,276	282,785
Total liabilities		198,301,669	211,621,970	198,232,813
Equity:				
Share capital	7	64,931,977	49,947,675	49,947,675
Share premium	8	79,760,732	75,714,971	75,714,971
Statutory reserve	9	9,646,725	9,646,725	9,646,725
Voluntary reserve	9	6,711,805	6,711,805	6,711,805
Cumulative changes in fair value	9	(485,685)	(202,370)	83,394
Asset revaluation surplus	9	-	-	519,366
Foreign currency translation adjustments	9	557,183	981,425	1,991,797
Effect of changes in subsidiary's treasury shares		(457,645)	(457,645)	(457,645)
Effect of changes in subsidiary's equity		85,987	88,612	(156,410)
Effect of changes in associates' equity		-	-	(39,222)
(Accumulated losses) Retained earnings		(9,577,751)	(8,609,811)	2,120,507
		151,173,328	133,821,387	146,082,963
Treasury shares		(18,113,786)	(18,113,786)	(17,354,505)
Equity attributable to equity holders of the Parent Company		133,059,542	115,707,601	128,728,458
Non-controlling interests		8,776,343	7,926,429	42,446,118
Total equity		141,835,885	123,634,030	171,174,576
Total liabilities and equity		340,137,554	335,256,000	369,407,389

The accompanying notes (1) to (20) 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 MARCH 31, 2011
(All amounts are in Kuwaiti Dinars)

	Notes	Three months ended March 31,	
		2011	2010
Gross profit	10	-	2,223,226
Rental income		151,933	69,902
Management fees, commission and consultancy income	11	548,322	215,861
Net investment (loss) income	12	(48,166)	2,156,408
Group's share of results from associates		(5,404)	(546,743)
Group's share of results from joint ventures		(14,667)	(203,030)
Marketing expenses		(30,100)	(78,061)
General and administrative expenses		(742,050)	(871,409)
Depreciation and amortization		(77,595)	(100,569)
Expenses on completed projects		(857)	(8,991)
Foreign currency exchange (gain) loss		164,801	(5,103)
Other (loss) income		(20,584)	132,808
Interest income		65,000	187,014
Finance charges		(918,732)	(638,113)
Net (loss) profit for the period		<u>(928,099)</u>	<u>2,533,200</u>
Attributable to:			
Equity holders of the Parent Company		(967,940)	2,120,507
Non-controlling interests		39,841	412,693
Net (loss) profit for the period		<u>(928,099)</u>	<u>2,533,200</u>
		Fils	Fils
(Loss) earnings per share attributable to the equity holders of the Parent Company	14	<u>(1.67)</u>	<u>3.65</u>

The accompanying notes (1) to (20) 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 MARCH 31, 2011

(All amounts are in Kuwaiti Dinars)

	Three months ended March 31,	
	2011	2010
Net (loss) profit for the period	<u>(928,099)</u>	<u>2,533,200</u>
Other comprehensive income:		
Foreign currency translation adjustments	(424,242)	504,839
Investments available for sale	<u>(492,648)</u>	<u>50,049</u>
Other comprehensive (loss) income for the period	<u>(916,890)</u>	<u>554,888</u>
Total comprehensive (loss) income for the period	<u>(1,844,989)</u>	<u>3,088,088</u>
Attributable to:		
Equity holders of the Parent Company	(1,675,497)	2,660,941
Non-controlling interests	<u>(169,492)</u>	<u>427,147</u>
Total comprehensive (loss) income for the period	<u>(1,844,989)</u>	<u>3,088,088</u>

The accompanying notes (1) to (20) 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 MARCH 31, 2011
 (All amounts are in Kuwaiti Dinars)

	Attributable to equity holders of the Parent Company										
	Capital	Share premium	Other equity balances (Note 9)	Effect of changes in subsidiary's treasury shares	Effect of changes in subsidiary's equity	Effect of changes in associates' equity	(Accumulated losses) Retained earnings	Treasury shares	Subtotal	Non-controlling interests	Total equity
Balance as at December 31, 2010	49,947,675	75,714,971	17,137,585	(457,645)	88,612	-	(8,609,811)	(18,113,786)	115,707,601	7,926,429	123,634,030
Capital increase	14,984,302	4,045,761	-	-	-	-	-	-	19,030,063	-	19,030,063
Effect of changes in subsidiary's equity period	-	-	-	-	(2,625)	-	-	-	(2,625)	1,019,406	1,016,781
Balance as at March 31, 2011	<u>64,931,977</u>	<u>79,760,732</u>	<u>(707,557)</u>	<u>(457,645)</u>	<u>85,987</u>	<u>-</u>	<u>(967,940)</u>	<u>(18,113,786)</u>	<u>(1,675,497)</u>	<u>(169,492)</u>	<u>(1,844,989)</u>
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 associates' equity	-	-	-	-	-	(39,222)	-	-	(39,222)	-	(39,222)
Net movement in non-controlling interests	-	-	-	-	-	-	-	-	-	(63,720)	(63,720)
Total comprehensive income for the period	-	-	-	-	-	-	2,120,507	-	2,660,941	427,147	3,088,088
Balance as at March 31, 2010	<u>49,947,675</u>	<u>75,714,971</u>	<u>18,953,087</u>	<u>(457,645)</u>	<u>(156,410)</u>	<u>(39,222)</u>	<u>2,120,507</u>	<u>(17,354,505)</u>	<u>128,728,458</u>	<u>42,446,118</u>	<u>171,174,576</u>

The accompanying notes (1) to (20) 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 MARCH 31, 2011
(All amounts are in Kuwaiti Dinars)

	Three months ended March 31,	
	2011	2010
Cash flows from operating activities:		
Net (loss) profit for the period	(928,099)	2,533,200
Adjustments for:		
Net investment loss (income)	48,166	(2,156,408)
Group's share of results from associates	5,404	546,743
Group's share of results from joint ventures	14,667	203,030
Depreciation and amortization	77,595	100,569
Foreign currency exchange loss	(164,801)	5,103
Interest income	(65,000)	(187,014)
Finance charges	918,732	638,113
	<u>(93,336)</u>	<u>1,683,336</u>
Changes in operating assets and liabilities:		
Accounts receivable and other debit balances	(6,956,030)	14,869,470
Properties held for trading	(1,552,645)	(6,680,555)
Investment properties	(278,582)	(1,012,709)
Accounts payable and other credit balances	1,592,563	48,864
Deferred consideration on acquisition of properties	(185,052)	(168,191)
Cash (used in) generated from operating activities	<u>(7,473,082)</u>	<u>8,740,215</u>
End of service indemnity paid	-	(5,286)
Net cash (used in) generated from operating activities	<u>(7,473,082)</u>	<u>8,734,929</u>
Cash flows from investing activities:		
Paid for purchase of investments available for sale	(497,923)	(2,036,626)
Proceeds from sale of investments available for sale	97,262	2,400,249
Murabaha receivable	-	225,000
Dividends income received	5,500	43,320
Interest income received	65,000	67,992
Fixed assets	(8,588)	(1,006,933)
Net cash used in investing activities	<u>(338,749)</u>	<u>(306,998)</u>
Cash flows from financing activities:		
Net movement in bank overdraft	204,624	-
Net movement in term loans	(1,500,000)	-
Proceeds from capital increase during the period	4,729,266	-
Proceeds from sale of treasury shares	-	1,978,267
Net cash generated from financing activities	<u>3,433,890</u>	<u>1,978,267</u>
Net (decrease) increase in cash and cash equivalents	<u>(4,377,941)</u>	<u>10,406,198</u>
Cash and cash equivalents at the beginning of the period	<u>20,483,961</u>	<u>28,180,304</u>
Cash and cash equivalents at the end of the period (Note 3)	<u>16,106,020</u>	<u>38,586,502</u>

The accompanying notes (1) to (20) 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)

MARCH 31, 2011

(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 May 12, 2011.

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, 2010.

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 March 31, 2011 are not necessarily indicative of the results that may be expected for the year ending December 31, 2011. For further information, refer to the consolidated financial statements and notes thereto for the year ended December 31, 2010.

During the period ended March 31, 2011 the Group sold its investment in the subsidiary - United Circle General Contracting and Buildings - Abdulla Faisal Al Sultan and Partner - W.L.L. ,Accordingly, the Group's ownership percentage in the subsidiary - Waterfront Real Estate Company K.S.C. (Closed) Decreased by 4% to became 79.29%. The subsidiary's financial results that have been consolidated in the Group's interim consolidated financial information are as follow:

Interim condensed consolidated statement of income:

	<u>Amount</u>
General and administrative expenses	757

AL MAZAYA HOLDING COMPANY K.S.C. (HOLDING) AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2011

(All amounts are in Kuwaiti Dinars)

3. Cash and cash equivalents

	March 31, 2011	December 31, 2010 (Audited)	March 31, 2010
Cash on hand and at banks	14,543,157	14,819,256	17,562,773
Short term bank deposits	1,503,272	5,600,000	17,121,428
Cash in investment portfolios	59,591	64,705	3,902,301
	<u>16,106,020</u>	<u>20,483,961</u>	<u>38,586,502</u>

The average effective interest rate on short term bank deposits was 1.63% (December 31, 2010 – 1.75% , March 31, 2010 – 1.9%) per annum. These deposits have an average maturity of 51 days (December 31, 2010 - 30 days and March 31, 2010 - 42 days).

Cash on hand and at banks include an amount of KD 11,744,885 (December 31, 2010 – KD 11,999,716 , March 31, 2010 – KD 15,888,741) representing restricted cash to be used only against construction work.

4. Accounts receivable and other debit balances

	March 31, 2011	December 31, 2010 (Audited)	March 31, 2010
Trade receivables	8,256,247	6,058,934	3,781,398
Advance payments	2,969,589	2,302,053	9,748,446
Due from related parties (Note 15)	4,157,825	887,114	4,516,000
Staff receivables	13,857	8,951	52,822
Other receivables	2,368,150	1,387,785	1,792,403
	17,765,668	10,644,837	19,891,069
Provision for doubtful accounts	(959,454)	(959,454)	(800,889)
	<u>16,806,214</u>	<u>9,685,383</u>	<u>19,090,180</u>

5. Investment in joint ventures

During the period ended March 31, 2011, a company of the Group entered into an initial dissociation contract of the Joint Venture - Seven Zones - for the benefit of the other partner. The Group will collect the value of this transaction within one year from the final dissociation date. The dissociation value will be determined after the independent party assigned by the partners finishes assessing the actual project costs, then any gains or losses will be determined.

6. Accounts payable and other credit balances

	March 31, 2011	December 31, 2010 (Audited)	March 31, 2010
Trade payables	25,426,672	24,101,675	17,691,362
Amount received in advance for capital subscription	-	14,810,686	-
Advances received from customers	70,956,767	69,981,443	66,381,784
Amounts due to related parties (Note 15)	8,183,744	8,296,943	8,114,010
Retentions payable	5,283,750	5,349,684	8,488,313
Accrued development costs	2,820,064	1,497,835	126,560
Dividends payable	722,064	726,121	747,868
Other payables and accrued expenses	580,893	1,059,156	6,487,939
	<u>113,973,954</u>	<u>125,823,543</u>	<u>108,037,836</u>

AL MAZAYA HOLDING COMPANY K.S.C. (HOLDING) AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2011

(All amounts are in Kuwaiti Dinars)

7. Share capital

Authorized, issued and paid up capital consists of 649,319,770 shares (December 31, 2010 – 499,476,750 shares, March 31, 2010 – 499,476,750 shares) of 100 fils each, all shares are in cash.

8. Share premium

This represents cash received in excess of the par value of the shares issued.

9. Other equity balances

	Statutory reserve	Voluntary reserve	Treasury shares reserve	Cumulative changes in fair value	Asset revaluation surplus	Foreign currency translation adjustments	Total
Balance as at December 31, 2010	9,646,725	6,711,805	-	(202,370)	-	981,425	17,137,585
Total comprehensive income for the period	-	-	-	(283,315)	-	(424,242)	(707,557)
Balance as at March 31, 2011	9,646,725	6,711,805	-	(485,685)	-	557,183	16,430,028
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 income for the period	-	-	-	27,339	-	513,095	540,434
Balance as at March 31, 2010	9,646,725	6,711,805	-	83,394	519,366	1,991,797	18,953,087

10. Gross profit

	Three months ended March 31,	
	2011	2010
Revenue from sale of properties held for trading	-	9,057,714
Cost of sale of properties held for trading	-	(6,834,488)
Gross profit	-	2,223,226

11. Management fees, commission and consulting income

This balance includes an amount of KD 500,813 which represents commissions earned by a company of the Group on the settlement of sale and buy transactions provided to its customers.

12. Net investment (loss) income

	Three months ended March 31,	
	2011	2010
Realized gain on sale of investments available for sale	21,315	2,113,088
Impairment losses on investments available for sale	(74,981)	-
Dividend income	5,500	43,320
	(48,166)	2,156,408

AL MAZAYA HOLDING COMPANY K.S.C. (HOLDING) AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2011

(All amounts are in Kuwaiti Dinars)

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

Contribution to Kuwait Foundation for the Advancement of Sciences

Contribution to Kuwait Foundation for the Advancement of Sciences is calculated at 1% of the profit of the Parent Company after deducting its share of income from shareholding subsidiaries and associates and transfer to statutory reserve.

There was no taxable profit on which contribution to KFAS could be calculated for the period ended March 31, 2011.

During the year 2008, the Group calculated the contribution to KFAS based on 2008 net profit without deducting an amount of KD 15,485,610 pertaining to profits previously recorded and for which contribution to KFAS has been already paid. Accordingly no contribution to KFAS should have been accrued for or paid in year 2008.

During the period ended March 31, 2010 and based on the above, the Group did not record any contribution to KFAS in the consolidated statement of income since there is already available accrual balance.

National Labor Support Tax

National Labor Support Tax is calculated at 2.5% of the profit of the Parent Company and after deducting its share of income from listed shareholding subsidiaries and associates and dividends from Kuwaiti listed shareholding companies and adding back any provision taken and deducting provision reversals and provision no longer required amounts, as well as profit incurred from disposal of assets for which provision have been already provided up to the provision balance.

There was no taxable profit on which NLST could be calculated for the period ended March 31, 2011.

During period ended March 31, 2010, the Group has reversed provisions no longer required which have been deducted from the profit for NLST calculation purposes and accordingly there was no profit on which contribution to NLST could be calculated.

Contribution to Zakat

Contribution to ZAKAT is calculated at 1% of the profit of the Parent Company after deducting its share of income from shareholding subsidiaries adding back any provision taken and deducting provision reversals and provisions no longer required amounts, as well as profit incurred from disposal of assets for which provision have been already provided up to the provision balance, and this is in accordance with Ministry of Finance resolution No. 58/2007 effective December 10, 2007.

There was no profit on which contribution to ZAKAT could be calculated for the period ended March 31, 2011.

During the period ended March 31, 2010, the Group has reversed provisions no longer required which have been deducted from the profit for Zakat calculation purposes and accordingly there was no profit on which contribution to Zakat could be calculated.

AL MAZAYA HOLDING COMPANY K.S.C. (HOLDING) AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2011
 (All amounts are in Kuwaiti Dinars)

14. (Loss) earnings per share

(Loss) earnings per share is computed by dividing net (loss) 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 March 31,	
	<u>2011</u>	<u>2010</u>
Net (loss) profit for the period attributable to equity holders of the Parent Company	<u>(967,940)</u>	<u>2,120,507</u>
	Shares	Shares
Weighted average number of issued and fully paid-up shares	<u>616,096,355</u>	<u>616,096,355</u>
Less: weighted average number of treasury shares	<u>(35,869,869)</u>	<u>(35,869,869)</u>
Weighted average number of shares outstanding	<u>580,226,486</u>	<u>580,226,486</u>
	Fils	Fils
(Loss) earnings per share attributable to equity holders of the Parent Company	<u>(1.67)</u>	<u>3.65</u>

**AL MAZAYA HOLDING COMPANY K.S.C. (HOLDING) AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2011**

(All amounts are in Kuwaiti Dinars)

15. 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	March 31, 2011	December 31, 2010 (Audited)	March 31, 2010
Balances included in the interim condensed consolidated statement of financial position:						
Cash and cash equivalents	370	-	-	370	-	3,902,301
Accounts receivable and other debit balances (Note 4)	817,713	3,051,546	288,566	4,157,825	887,114	4,516,000
Accounts payable and other credit balances (Note 6)	3,291,117	4,360,679	531,948	8,183,744	8,296,943	8,114,010
Transactions included in the interim condensed consolidated statement of income:						
Management fees, commission and consultancy income	-	-	70,083	70,083	127,428	58,407
Finance charges	-	-	-	-	80,198	-
				Three months ended March 31, 2011	Three months ended March 31, 2010	
Key management compensation:						
Salaries and other short term benefits				58,064	76,653	
Terminal benefits				3,498	3,701	
				<u>61,562</u>	<u>80,354</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.

AL MAZAYA HOLDING COMPANY K.S.C. (HOLDING) AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2011

(All amounts are in Kuwaiti Dinars)

16. General Assembly

The Board of Directors proposed not to distribute any cash dividends or bonus shares for the year ended December 31, 2010. This proposal is subject to the shareholders' Annual General Assembly.

The Shareholders' Annual General Assembly for the year ended December 31, 2010 has not been held until the date of preparation of the interim consolidated financial information. Accordingly, the consolidated financial statements for the year ended December 31, 2010 have not yet been approved. The interim consolidated financial information for the period ended March 31, 2011 do not include any adjustments, which might have been required, had the Shareholders' Annual General Assembly approved the consolidated financial statements for the year ended December 31, 2010.

The 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.

17. 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 March 31, 2011, amounted to KD 7,912,611 (December 31, 2010 – KD 6,840,820 , March 31, 2010 – KD 10,151,828).

AL MAZAYA HOLDING COMPANY K.S.C. (HOLDING) AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2011
 (All amounts are in Kuwaiti Dinars)

18. 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.

	March 31, 2011				March 31, 2010					
	Kuwait	UAE	KSA	Others	Total	Kuwait	UAE	KSA	Others	Total
Gross profit	8,938	77,718	65,277	-	151,933	-	319,157	1,904,069	-	2,223,226
Rental income	(25,545)	503,784	-	70,083	548,322	111,014	65,835	3,280	35,732	215,861
Management fees, commission and consultancy income	(48,166)	-	-	(5,404)	(48,166)	2,113,088	-	-	43,320	2,156,408
Net investment (loss) income	-	(14,667)	-	-	(14,667)	(3,923)	(199,107)	-	-	(203,030)
Group's share of results from associates	(18,171)	(11,929)	-	-	(30,100)	(52,079)	(25,982)	-	-	(78,061)
Group's share of results from joint ventures	(487,436)	(254,614)	-	-	(742,050)	(795,138)	(76,271)	-	-	(871,409)
Marketing expenses	(28,240)	(31,410)	-	(17,945)	(77,595)	(44,209)	(38,415)	-	(17,945)	(100,569)
General and administration expenses	(857)	-	-	-	(857)	(8,981)	-	-	-	(8,991)
Depreciation and amortization	164,801	(40,402)	-	-	124,399	6,439	(11,542)	-	-	(5,103)
Expenses on completed projects	19,818	20,425	-	-	40,243	24,134	(51,216)	159,890	-	132,808
Foreign currency exchange gain (loss)	24,644	(3,418)	-	19,931	41,157	7,888	67,126	-	112,000	187,014
Other income (loss)	(915,314)	-	-	-	(915,314)	(623,175)	(14,938)	-	-	(638,113)
Finance charges	(1,305,528)	245,487	65,277	66,665	(968,099)	735,048	104,549	2,067,239	(373,636)	2,533,200
Net (loss) profit for the period	72,298,035	241,084,035	6,364,996	20,390,488	430,137,554	165,193,486	193,867,847	9,380,400	965,656	369,407,389
Total segment assets	89,852,076	108,448,255	-	1,338	198,301,669	46,440,666	150,731,782	-	1,060,365	198,232,813
Total segment liabilities	-	-	-	-	-	-	-	-	-	-

AL MAZAYA HOLDING COMPANY K.S.C. (HOLDING) AND ITS SUBSIDIARIES
NOTES TO THE INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
MARCH 31, 2011

(All amounts are in Kuwaiti Dinars)

19. Capital commitments and contingent liabilities

	<u>March 31,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u> <u>(Audited)</u>	<u>March 31,</u> <u>2010</u>
Letters of guarantee	-	-	23,663,115
Capital commitments	<u>33,815,384</u>	<u>35,880,362</u>	<u>95,344,429</u>
	<u>33,815,384</u>	<u>35,880,362</u>	<u>119,007,544</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 35,880,362 as of March 31, 2011.

20. Comparative figures

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