

**SOKOUK HOLDING COMPANY - K.S.C. (HOLDING)
AND SUBSIDIARIES
STATE OF KUWAIT**

**INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED JUNE 30, 2008
(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
Sokouk Holding Company - K.S.C. (Holding)
State of Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated balance sheet of Sokouk Holding Company - K.S.C. (Holding) (the parent company) and subsidiaries (the group) as of June 30, 2008 and the related interim condensed consolidated statements of income, changes in equity and cash flows for the six-months period then ended. Management is responsible for the preparation and presentation of these interim consolidated financial information in accordance with International Accounting Standard 34, 'Interim Financial Reporting'. Our responsibility is to express a conclusion on these interim consolidated financial information based on our review.

We did not review the interim financial information of the associate Munshaat Real Estate Projects Co. - K.S.C (Closed). The investment in this associate and the group share of results from this associate constitute 32.46 % and 39.19 % of the respective consolidated assets and revenues. The financial information of the above mentioned associate for the period ended March 31, 2008 was reviewed by other auditors, whose report was provided to us and our conclusion in so far as it relates to the amounts included in the interim consolidated financial information related to this associate is based solely on the report of the other auditors.

Scope of Review

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

Conclusion

Based on our review, and the report of other auditors, 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 books of account and to the best of our knowledge and belief, there were no contraventions during the period ended June 30, 2008 of either the Commercial Companies Law or the Parent Company's Articles of Association, which might have materially affected the Group's financial position or results of its operations.

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Member of RSM International

**SOKOUK HOLDING COMPANY – K.S.C. (HOLDING) AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED BALANCE SHEET (UNAUDITED)**


AS OF JUNE 30, 2008

(All amounts are in Kuwaiti Dinars)

<u>ASSETS</u>	<u>Note</u>	<u>June 30, 2008</u>	<u>December 31, 2007 (Audited)</u>	<u>June 30, 2007</u>
Cash on hand and at banks		8,305,551	1,524,732	806,088
Investments at fair value through income statement	3	3,175,843	13,075,514	2,875,000
Accounts receivable and other debit balances		7,266,031	7,794,821	12,754,851
Sokouk utilization rights		7,284,200	7,284,200	7,284,200
Due from related parties	4	9,712,571	19,936,596	28,406,340
Investments in Murabaha	5	3,641,150	23,000,000	-
Investments in Wakala	6	4,809,741	2,261,938	1,219,267
Investments available for sale	7	6,455,873	4,172,707	4,053,651
Investment in associates	8	60,261,642	62,316,346	12,009,048
Investment in joint ventures	9	47,792,984	31,334,141	13,778,662
Advance payment for purchase of investments		-	-	150,000
Investment properties		-	-	1,164,500
Property and equipment		112,911	109,028	101,973
Intangible assets		7,500	10,500	16,500
Goodwill		188,000	188,000	188,000
Total assets		<u>159,013,997</u>	<u>173,008,523</u>	<u>84,808,080</u>
<u>LIABILITIES AND EQUITY</u>				
Liabilities:				
Accounts payable and other credit balances		166,731	725,784	384,885
Due to related parties	4	8,028,862	11,635,608	13,402,965
Murabaha payables	10	13,638,042	25,673,758	23,133,181
Provision for end of service indemnity		76,391	69,242	52,108
Total liabilities		<u>21,910,026</u>	<u>38,104,392</u>	<u>36,973,139</u>
Equity:				
Capital	11	100,000,000	100,000,000	30,000,000
Share premium		17,500,000	17,500,000	-
Statutory reserve		2,229,106	2,229,106	1,593,017
Voluntary reserve		2,229,106	2,229,106	1,593,017
Foreign currency translation adjustment		(2,291,849)	(1,047,661)	-
Cumulative changes in fair value		(294,204)	(166,810)	-
Retained earnings		16,805,144	13,291,362	13,842,512
Total equity attributable to parent company's shareholders		<u>136,177,303</u>	<u>134,035,103</u>	<u>47,028,546</u>
Minority interest		926,668	869,028	806,395
Total equity		<u>137,103,971</u>	<u>134,904,131</u>	<u>47,834,941</u>
Total liabilities and equity		<u>159,013,997</u>	<u>173,008,523</u>	<u>84,808,080</u>

The accompanying notes (1) to (18) form an integral part of the interim consolidated financial information

Ebrahim A. Al-Khuzam
Chairman


Masood Akbar
Vice Chairman and Chief Executive
Officer

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

	Note	Three months ended June 30,		Six months ended June 30	
		2008	2007	2008	2007
Operating revenue		-	20,110,709	626,322	27,219,393
Operating cost		-	(15,539,776)	(626,322)	(21,076,719)
Gross profit		-	4,570,933	-	6,142,674
Other operating income	12	531,253	795,897	1,218,349	1,104,777
Expenses and charges:					
General and administrative		292,896	373,264	544,547	684,050
Depreciation and amortization		13,182	11,350	26,482	23,150
		<u>306,078</u>	<u>384,614</u>	<u>571,029</u>	<u>707,200</u>
Operating profit		225,175	4,982,216	647,320	6,540,251
Unrealized gain from investments at fair value through income statement	3	7,822	-	182,129	-
Realized gain from investments at fair value through income statement		173,651	-	209,591	-
Group's share of result from associates	8	733,358	(36,482)	2,111,550	(36,482)
Group's share of result from joint ventures	9	(508)	(1,870)	(31,130)	(1,870)
Gain from investments in Murabaha		310,961	-	714,548	-
Gain from investments in Wakala		132,706	11,568	314,191	16,211
Realized gain on sale of investments available for sale		-	-	15,657	-
Gain from sale of investment property		-	64,815	-	64,815
Dividend income from investments available for sale		-	-	8,968	-
Other income		-	-	2,500	-
Finance charges		(247,935)	(537,570)	(1,018,072)	(951,930)
Foreign currency exchange gain (loss)		201,949	(17,450)	444,495	(17,450)
Profit for the period before contribution to Zakat, Kuwait Foundation for the Advancement of Sciences (KFAS) and National Labor Support Tax		1,537,179	4,465,227	3,601,747	5,613,545
Contribution to Zakat	13	3,557	-	(7,868)	-
Contribution to Kuwait Foundation for the Advancement of Sciences	14	(3,581)	-	(4,367)	-
National Labor Support Tax		(1,685)	(111,237)	(18,090)	(139,267)
Net profit for the period		<u>1,535,470</u>	<u>4,353,990</u>	<u>3,571,422</u>	<u>5,474,278</u>
Attributable to :					
Parent company's shareholders		1,507,999	4,338,243	3,513,782	5,431,408
Minority interest		27,471	15,747	57,640	42,870
Net profit for the period		<u>1,535,470</u>	<u>4,353,990</u>	<u>3,571,422</u>	<u>5,474,278</u>
Earnings per share attributable to the parent company's shareholders (fiIs)	15	<u>1.51</u>	<u>11.96</u>	<u>3.51</u>	<u>14.97</u>

The accompanying notes (1) to (18) form an integral part of the interim consolidated financial information

SOKOUK HOLDING COMPANY – K.S.C. (HOLDING) AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2008

(All amounts are in Kuwaiti Dinars)

	Attributable to the parent company's shareholders							Total equity attributable to the Parent Company's shareholders	Minority interest	Total
	Capital	Share premium	Statutory reserve	Voluntary reserve	Foreign currency translation adjustment	Cumulative changes in fair value	Retained earnings			
Balance at December 31, 2007	100,000,000	17,500,000	2,229,106	2,229,106	(1,047,661)	(166,810)	13,291,362	134,035,103	869,028	134,904,131
Foreign currency translation adjustment	-	-	-	-	(1,244,188)	-	-	(1,244,188)	-	(1,244,188)
Reversal due to sale of investments available for sale	-	-	-	-	-	4,263	-	4,263	-	4,263
Change in fair value of investments available for sale	-	-	-	-	-	(131,657)	-	(131,657)	-	(131,657)
Net loss recognized directly in equity	-	-	-	-	(1,244,188)	(127,394)	-	(1,371,582)	-	(1,371,582)
Net profit for the period	-	-	-	-	-	-	3,513,782	3,513,782	57,640	3,571,422
Total recognized loss (income) for the period	-	-	-	-	(1,244,188)	(127,394)	3,513,782	2,142,200	57,640	2,199,840
Balance at June 30, 2008	100,000,000	17,500,000	2,229,106	2,229,106	(2,291,849)	(294,204)	16,805,144	136,177,303	926,668	137,103,971
Balance at December 31, 2006	30,000,000	-	1,593,017	1,593,017	-	-	12,011,104	45,197,138	855,873	46,053,011
Net profit for the period	-	-	-	-	-	-	5,431,408	5,431,408	42,870	5,474,278
Total recognized income for the period	-	-	-	-	-	-	5,431,408	5,431,408	42,870	5,474,278
Cash dividends (subsidiary)	-	-	-	-	-	-	-	-	(92,348)	(92,348)
Cash dividends (Note 17)	-	-	-	-	-	-	(3,600,000)	(3,600,000)	-	(3,600,000)
Balance at June 30, 2007	30,000,000	-	1,593,017	1,593,017	-	-	13,842,512	47,028,546	806,395	47,834,941

The accompanying notes (1) to (18) form an integral part of the interim consolidated financial information

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

	Six months ended June 30,	
	2008	2007
Cash flows from operating activities:		
Profit for the period before contribution to Zakat, Kuwait Foundation for the Advancement of Sciences and National Labor Support Tax	3,601,747	5,613,545
Adjustments for:		
Depreciation and amortization	26,482	23,150
Unrealized gain from investments at fair value through income statement	(182,129)	-
Realized gain from investments at fair value through income statement	(209,591)	-
Dividends from investments available for sale	(8,968)	-
Realized gain on sale of investments available for sale	(15,657)	-
Group's share of result from associates	(2,111,550)	36,482
Group's share of result from joint ventures and elimination of profit on intercompany transactions	293,195	1,870
Gain from investments in Murabaha	(714,548)	-
Gain from investments in Wakala	(314,191)	(16,211)
Gain from sale of investment property	-	(64,815)
Finance charges	1,018,072	951,930
Provision for end of service indemnity	28,276	19,766
	<u>1,411,138</u>	<u>6,565,717</u>
Changes in operating assets and liabilities:		
Accounts receivable and other debit balances	427,065	1,429,210
Sokouk utilization rights	-	24,366,432
Due from related parties	13,558,873	(24,117,640)
Accounts payable and other credit balances	(485,004)	161,647
Due to related parties	(3,606,622)	(3,132,625)
Cash generated from operations	<u>11,305,450</u>	<u>5,272,741</u>
Paid to Zakat	(6,467)	-
Paid for Kuwait Foundation for the Advancement of Sciences	(95,092)	(61,017)
Paid to National Labor Support Tax	(148,449)	(355,917)
Board of Directors Remuneration Paid	(60,000)	(60,000)
Payment from provision for end of service indemnity	(21,127)	(7,486)
Net cash generated from operating activities	<u>10,974,315</u>	<u>4,788,321</u>
Cash flows from investing activities:		
Paid for purchase of investments at fair value through income statement	(8,000,000)	(2,875,000)
Proceeds from sale of investments at fair value through income statement	18,291,391	-
Proceeds from investments in Murabaha	19,400,000	2,095,250
Gain from investments in Murabaha received	796,387	16,211
Paid for investments in Wakala	(17,594,962)	(1,000,000)
Proceeds from investments in Wakala	15,167,637	-
Gain from investments in Wakala received	172,449	-
Paid for purchase of investments available for sale	(2,480,408)	-
Proceeds from sale of investment available for sale	85,505	-
Dividends received from investments available for sale	8,968	26,475
Paid for purchase of investment in an associate	(195,860)	(8,674,200)
Investment in an associate	-	1,931,373
Paid for purchase of investment in Joint Ventures	(17,537,400)	-
Advance payments for purchase of investments	-	(150,000)
Proceeds from sale of investment property	-	906,203
Proceeds from sale of project under construction	-	1,335,000
Dividends received from associate	773,950	-
Paid for purchase of property and equipment	(27,365)	(36,850)
Net cash generated from (used in) investing activities	<u>8,860,292</u>	<u>(6,425,538)</u>