

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

**INTERIM CONSOLIDATED FINANCIAL INFORMATION
FOR THE PERIOD ENDED JUNE 30, 2009
(UNAUDITED)
WITH**

REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION

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

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

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Member of The International Group of Accounting Firms

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

REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION

The Board of Directors

Sokouk Holding Company - K.S.C. (Holding)

State of Kuwait

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Sokouk Holding Company - K.S.C. (Holding) (the parent company) and subsidiaries (the group) as of June 30, 2009 and the related interim condensed consolidated statements of income, comprehensive statement 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.

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.



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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 presented, 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, 2009 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.

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

Nayef M. Al Bazie
License No. 91-A
Albazie & Co.
Member of RSM International


State of Kuwait

August 12, 2009

SOKOUK HOLDING COMPANY – K.S.C. (HOLDING) AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS OF JUNE 30, 2009
(All amounts are in Kuwaiti Dinars)

<u>ASSETS</u>	<u>Note</u>	<u>June 30,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u> <u>(Audited)</u>	<u>June 30,</u> <u>2008</u>
Cash on hand and at banks		1,580,550	2,311,187	9,083,984
Investments at fair value through statement of income		-	-	3,175,843
Accounts receivable and other debit balances		4,370,438	5,310,898	7,838,556
Sokouk utilization rights		7,284,200	7,284,200	7,284,200
Due from related parties	3	46,281,916	46,648,885	8,890,419
Investments in Murabaha		-	-	3,641,150
Investments in Wakala	4	3,578,789	4,302,351	1,386,759
Investments available for sale	5	6,497,735	5,978,746	6,455,873
Project under construction	6	16,164,289	14,137,543	12,294,404
Investment in associates	7	49,842,195	49,346,631	60,261,642
Investment in joint ventures	8	2,584,996	2,474,608	37,784,136
Investment in unconsolidated subsidiaries		-	750,000	-
Property and equipment		73,265	93,214	112,911
Intangible assets		1,500	4,500	7,500
Goodwill		1,312,029	1,312,029	1,312,029
Total assets		<u>139,571,902</u>	<u>139,954,792</u>	<u>159,529,406</u>
<u>LIABILITIES AND EQUITY</u>				
Liabilities:				
Accounts payable and other credit balances		2,892,256	2,390,729	682,140
Due to related parties	3	3,115,250	5,980,526	8,028,862
Murabaha payables	9	11,961,362	11,498,436	13,638,042
Provision for end of service indemnity		74,771	81,155	76,391
Total liabilities		<u>18,043,639</u>	<u>19,950,846</u>	<u>22,425,435</u>
Equity:				
Capital	10	100,000,000	100,000,000	100,000,000
Share premium		17,500,000	17,500,000	17,500,000
Statutory reserve		2,229,106	2,229,106	2,229,106
Voluntary reserve		2,229,106	2,229,106	2,229,106
Foreign currency translation adjustments		6,387	(463,365)	(2,291,849)
Cumulative changes in fair value		836,457	-	(294,204)
Effect of changes in associates' equity		(748,555)	(824,231)	-
(Accumulated losses) Retained earnings		(1,562,419)	(1,647,708)	16,805,144
Equity attributable to equity holders of the parent company		<u>120,490,082</u>	<u>119,022,908</u>	<u>136,177,303</u>
Non-controlling interests		1,038,181	981,038	926,668
Total equity		<u>121,528,263</u>	<u>120,003,946</u>	<u>137,103,971</u>
Total liabilities and equity		<u>139,571,902</u>	<u>139,954,792</u>	<u>159,529,406</u>

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


Abdul Aziz Abdul Latif Al Ebrahim
Chairman & Managing Director

SOKOUK HOLDING COMPANY – K.S.C. (HOLDING) AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2009

(All amounts are in Kuwaiti Dinars)

	Note	Three months ended June 30,		Six months ended June 30,	
		2009	2008	2009	2008
Operating revenue		-	-	-	626,322
Operating cost		-	-	-	(626,322)
Gross profit		-	-	-	-
Other operating income	11	219,606	531,280	465,683	1,226,540
Expenses and charges:					
General and administrative		294,597	293,431	560,657	545,082
Depreciation and amortization		9,962	13,182	21,719	26,482
		<u>304,559</u>	<u>306,613</u>	<u>582,376</u>	<u>571,564</u>
Operating (loss) profit		(84,953)	224,667	(116,693)	654,976
Net investment income	12	170,165	181,473	236,989	416,345
Group's share of results from associates	7	(90,115)	733,358	62,003	2,111,550
Group's share of results from joint ventures	8	9,267	-	9,267	(36,286)
Gain from investments in Murabaha		-	310,961	-	714,548
Gain from investments in Wakala		32,142	132,706	62,405	314,191
Finance charges		(239,474)	(247,935)	(464,172)	(1,018,072)
Provision for investment in Wakala		(946,028)	-	(946,028)	-
Foreign currency exchange (loss) gain		(499,223)	201,949	1,320,706	444,495
(Loss) Profit for the period before contribution to Zakat, Kuwait Foundation for the Advancement of Sciences and National Labor Support Tax		(1,648,219)	1,537,179	164,477	3,601,747
Contribution to Zakat	13	9,960	3,557	(2,675)	(7,868)
Contribution to Kuwait Foundation for the Advancement of Sciences	14	12,222	(3,581)	-	(4,367)
National Labor Support Tax		19,588	(1,685)	(19,370)	(18,090)
Net (Loss) profit for the period		<u>(1,606,449)</u>	<u>1,535,470</u>	<u>142,432</u>	<u>3,571,422</u>
Attributable to :					
Parent company's shareholders		(1,635,107)	1,507,999	85,289	3,513,782
Non controlling interests		28,658	27,471	57,143	57,640
Net (loss) profit for the period		<u>(1,606,449)</u>	<u>1,535,470</u>	<u>142,432</u>	<u>3,571,422</u>
(Loss) Earnings per share attributable to the parent company's shareholders (fils)	15	<u>(1.64)</u>	<u>1.51</u>	<u>0.09</u>	<u>3.51</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 COMPREHENSIVE STATEMENT OF INCOME (UNAUDITED)
FOR THE PERIOD ENDED JUNE 30, 2009

(All amounts are in Kuwaiti Dinars)

	Note	Three months ended June 30,		Six months ended June 30	
		2009	2008	2009	2008
Net (loss) profit for the period		<u>(1,606,449)</u>	<u>1,535,470</u>	<u>142,432</u>	<u>3,571,422</u>
Other comprehensive income:					
Exchange differences on translating foreign operations		(165,857)	(84,144)	469,752	(1,244,188)
Reversal due to sale of investments available for sale	5	(68,093)	4,263	(68,093)	4,263
Change in fair value of investments available for sale	5	1,043,099	(40,578)	904,550	(131,657)
Change in associates' equity	7	91,205	-	75,676	-
Other comprehensive income (loss) for the period		<u>900,354</u>	<u>(120,459)</u>	<u>1,381,885</u>	<u>(1,371,582)</u>
Total comprehensive (loss) income for the period		<u>(706,095)</u>	<u>1,415,011</u>	<u>1,524,317</u>	<u>2,199,840</u>
Attributable to :					
Shareholders of the parent company		(734,753)	1,387,540	1,467,174	2,142,200
Non-controlling interests		28,658	27,471	57,143	57,640
Total comprehensive (loss) income for the period		<u>(706,095)</u>	<u>1,415,011</u>	<u>1,524,317</u>	<u>2,199,840</u>

The accompanying notes from (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, 2009
 (All amounts are in Kuwaiti Dinars)

	Attributable to the Parent Company's shareholders							Non - controlling interests	Total		
	Capital	Share premium	Statutory reserve	Voluntary reserve	Foreign currency translation adjustments	Cumulative changes in fair value	Effect of changes in associates' equity			(Accumulated losses) Retained earnings	Sub - Total
Balance at December 31, 2008	100,000,000	17,500,000	2,229,106	2,229,106	(463,365)	-	(824,231)	(1,647,708)	119,022,908	981,038	120,003,946
Total comprehensive income for the period	-	-	-	-	463,752	836,457	75,676	85,289	1,467,174	57,143	1,524,317
Balance at June 30, 2009	100,000,000	17,500,000	2,229,106	2,229,106	6,387	836,457	(748,555)	(1,562,419)	120,490,082	1,038,781	121,528,863
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
Total comprehensive(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

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, 2009
(All amounts are in Kuwaiti Dinars)

	Six months ended June 30,	
	2009	2008
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	164,477	3,601,747
Adjustments for:		
Depreciation and amortization	21,719	26,482
Unrealized gain from investments at fair value through statement of income	-	(182,129)
Realized gain from investments at fair value through statement of income	-	(209,591)
Dividends from investments available for sale	(68,280)	(8,968)
Realized gain on sale of investments available for sale	(168,709)	(15,657)
Group's share of result from associates	(62,003)	(2,111,550)
Group's share of result from joint ventures and elimination of profit on inter company transactions	(9,267)	298,351
Gain from investments in Murabaha	-	(714,548)
Gain from investments in Wakala	(62,405)	(314,191)
Finance charges	464,172	1,018,072
Provision for end of service indemnity	22,665	28,276
Provision for investment in wakala	946,028	-
Asset management fees	-	(439,350)
	<u>1,248,397</u>	<u>976,944</u>
Changes in operating assets and liabilities:		
Accounts receivable and other debit balances	940,460	5,284,520
Due from related parties	368,199	8,487,157
Accounts payable and other credit balances	484,177	(48,107)
Due to related parties	(2,104,530)	(10,399,142)
Cash generated from operations	936,703	4,301,372
Paid to Zakat	(4,695)	(6,467)
Paid to KFAS	-	(95,092)
Paid to NLST	-	(148,449)
Paid to Board of Directors remuneration	-	(60,000)
End of service indemnity paid	(29,049)	(21,127)
Net cash generated from operating activities	<u>902,959</u>	<u>3,970,237</u>
Cash flows from investing activities:		
Paid for purchase of investments at fair value through statement of income	-	(8,000,000)
Proceeds from sale of investments at fair value through statement of income	-	18,291,391
Paid for investments in Murabaha	-	(18,600,000)
Proceeds from investments in Murabaha	-	38,000,000
Gain from investment in Murabaha received	-	796,387
Net paid from investments in Wakala	(160,061)	(2,254,876)
Paid for purchase of investments available for sale	(24,771)	(2,480,408)
Proceeds from sale of investments available for sale	510,948	85,505
Cash dividends received from investments available for sale	68,280	8,968
Paid for project under construction	(2,026,746)	(674,452)
Paid for purchase of investment in an associate	-	(195,860)
Cash dividends received from associate	-	773,950
Paid for purchase of investment in joint venture	-	(10,637,000)
Paid for purchase of property and equipment	-	(27,365)
Net cash (used in) generated from investing activities	<u>(1,632,350)</u>	<u>15,086,240</u>

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

	Six months ended June 30,	
	2009	2008
Cash flows from financing activities:		
Net movement of Murabaha payables	(1,246)	(11,528,362)
Net cash used in financing activities	<u>(1,246)</u>	<u>(11,528,362)</u>
Net (decrease) increase in cash on hand and at banks	(730,637)	7,528,115
Cash on hand and at banks at the beginning of the period	2,311,187	1,538,886
Cash at bank due to increase of Group's ownership percentage in a joint venture	-	16,983
Cash on hand and at banks at the end of the period	<u><u>1,580,550</u></u>	<u><u>9,083,984</u></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
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
JUNE 30, 2009

(All amounts are in Kuwaiti Dinars)

1. Incorporation and activities

Sokouk Holding Company – K.S.C (Holding) "the parent company", (previously known as Sokouk Real Estate Development Company – K.S.C (Closed) and prior before as Al-Wasta Real Estate Development Company – K.S.C (Closed)), is registered in the State of Kuwait and was incorporated and authenticated at the Ministry of Justice – Real Estate Registration and Authentication Department under Ref. No. 1909/Volume 1 on August 23, 1998 and registered on commercial register under Ref. No. 74323 dated August 29, 1998.

The parent company's registered address is at P.O. Box 29110 Safat – Postal code 13152 - State of Kuwait.

The parent company was listed on Kuwait Stock Exchange on December 27, 2005.

The interim consolidated financial information were authorized for issue by the Board of Directors on August 12, 2009.

2. Basis of presentation

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

IAS 1 "Presentation of Financial Statements" (Revised)

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

IFRS 8 "Operating Segments"

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

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

(All amounts are in Kuwaiti Dinars)

IAS 23 "Borrowing Cost" (Revised)

Effective January 1, 2009, the Group has applied IAS 23 (Revised), which requires an entity 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.

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

The interim consolidated financial information includes the financial information of Sokouk Holding Company – K.S.C. (Holding) and the following subsidiaries:

Subsidiaries	Country of incorporation	Percentage of holding %		
		June 30, 2009	December 31, 2008 (Audited)	June 30, 2008
Gulf Real Estate Development House Co. K.S.C. (Closed)	Kuwait	75	75	75
Sokouk Investment Advisory Co.	Cayman Island	100	100	100
Sokouk Real Estate Co.– K.S.C. (Closed)	Kuwait	100	100	100
Gulf Money House for Money Collection - W.L.L.	Kuwait	100	100	100
Sokouk Al Aqlemiya Trading Co.-W.L.L	Kuwait	100	-	-
Sokouk Al Arabia Trading Co.-W.L.L	Kuwait	100	-	-
Sokouk Al Oula Trading Co.-W.L.L	Kuwait	100	-	-
Sokouk Al Kuwaiti Trading Co.-W.L.L	Kuwait	100	-	-
Sokouk Al Islamia Trading Co.-W.L.L	Kuwait	100	-	-

The interim consolidated financial information includes also the financial information of the following joint venture:

Joint venture	Country of incorporation	Percentage of holding %		
		June 30, 2009	December 31, 2008 (Audited)	June 30, 2008
Joint Venture Al-Salmiya Hotel Project	Kuwait	74.25	74.25	74.25

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

(All amounts are in Kuwaiti Dinars)

3. Related party transactions

The Group has entered into various transactions with related parties, i.e. shareholders, key management personnel, associates, joint ventures 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 party transactions and balances are as follows:

Interim condensed consolidated statement of financial position	June 30, 2009	December 31, 2008 (Audited)	June 30, 2008
<u>Assets:</u>			
Due from associates	44,231,072	42,803,501	8,419,210
Due from joint ventures	808,284	331,474	308,674
Due from companies under common control	1,242,560	3,513,910	-
Due from other related parties	-	-	162,535
Total due from related parties	<u>46,281,916</u>	<u>46,648,885</u>	<u>8,890,419</u>
Investments available for sale managed by related parties	2,606,459	2,005,810	-
Investments in Murabaha	-	-	3,641,150
Investments in Wakala	1,924,840	1,702,349	1,386,759
Sale of investment in a associate	-	-	3,334,848
<u>Liabilities:</u>			
Due to associates	-	-	4,719,908
Due to joint ventures	-	-	3,308,954
Due to companies under common control	3,115,250	4,666,168	-
Due to unconsolidated subsidiaries	-	742,250	-
Due to other related parties	-	572,108	-
Total due to related parties	<u>3,115,250</u>	<u>5,980,526</u>	<u>8,028,862</u>
Murabaha payables	11,961,362	11,498,436	4,685,001

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

(All amounts are in Kuwaiti Dinars)

Due from / to related parties mainly result from purchase and sale of Sokouk utilization rights and investments.

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
Interim condensed consolidated statement of income:				
Gain from investments in Murabaha	-	41,188	-	151,975
Gain from investments in Wakala	32,142	28,326	62,405	69,218
Other operating income	105,577	545,789	218,413	646,311
Foreign currency exchange (loss) gain	(462,496)	-	1,194,361	-
Finance charges	(239,474)	(122,874)	(464,172)	(658,299)
General and administrative expenses	(18,747)	(32,393)	(39,905)	(32,393)
	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
Key management compensation:				
Short term benefits	35,728	32,918	69,848	65,006
Termination benefits	2,113	7,162	4,600	10,317
	<u>37,841</u>	<u>40,080</u>	<u>74,448</u>	<u>75,323</u>

4. Investments in Wakala

Investments in Wakala represent Wakala investment contracts with Kuwaiti Financial Institutions . Investment earns an average rate of return 8.5% per annum (December 31,2008 – 8.5%, June 30,2008 – 8.5%).

5. Investments available for sale

During 2008, the Group has elected to apply the amendments of IAS 39 and IFRS 7 effective July 1, 2008 and has reclassified an amount of KD 1,452,500 from investments held for trading to available for sale investments, and the unrealized gain (loss) on investments reclassified from investments held for trading to available for sale that would have been recognized in the interim condensed consolidated statement of income if these financial assets had not been reclassified is KD 473,398 (December 31, 2008 – (KD 1,166,322), June 30, 2008 – Nil).

The movement during the period / year was as follows:

	June 30, 2009	December 31, 2008 (Audited)	June 30, 2008
Balance at the beginning of the period / year	5,978,746	4,172,707	4,172,707
Additions	24,771	9,146,995	2,480,408
Disposals	(342,239)	(3,415,404)	(69,848)
Reclassified from investments held for trading	-	1,452,500	-
Reclassified to investment in joint ventures (Note 8)	-	(2,511,828)	-
Change in fair value	836,457	31,112	(127,394)
Impairment loss	-	(2,897,336)	-
Balance at the end of the period / year	<u>6,497,735</u>	<u>5,978,746</u>	<u>6,455,873</u>

SOKOUK HOLDING COMPANY – K.S.C. (HOLDING) AND SUBSIDIARIES
NOTES TO INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)
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6. Project under construction

	June 30, 2009	December 31, 2008 (Audited)	June 30, 2008
Balance at the beginning of the period / year	14,137,543	3,682,629	3,682,629
Addition during the period / year	2,026,746	10,454,914	8,611,775
Balance at the end of the period / year	16,164,289	14,137,543	12,294,404

7. Investment in associates

The investment in associates consists of the following:

Name of the associate	Country of Incorporation	Ownership percentage %			June 30, 2009	December 31, 2008 (Audited)	June 30, 2008
		June 30, 2009	December 31, 2008 (Audited)	June 30, 2008			
ELAF Bank – B.S.C. (Closed)	Bahrain	15	15	15	8,321,063	7,976,113	8,246,808
Munshaat Real Estate Projects Co. – K.S.C. (Closed)	Kuwait	27.67	27.67	27.67	40,681,068	40,537,884	51,614,834
Mas Holding Company – K.S.C.	Kuwait	40	40	40	840,064	832,634	400,000
					49,842,195	49,346,631	60,261,642

The movement during the period / year is as follows:

	June 30, 2009	December 31, 2008 (Audited)	June 30, 2008
Balance at the beginning of the period / year	49,346,631	62,316,346	62,316,346
Acquisition of associates	-	3,903,945	195,860
Disposal of associates	-	(9,808,498)	(3,334,848)
Group's share of results from associates	62,003	3,161,038	2,111,550
Change in associates' equity	75,676	(824,231)	-
Cash dividends received from associate	-	(773,950)	(773,950)
Foreign currency translation adjustment	357,885	94,869	(253,316)
Provision for impairment in value	-	(8,357,578)	-
Elimination of profit on intercompany transactions	-	(365,310)	-
Balance at the end of the period / year	49,842,195	49,346,631	60,261,642

The Group did not account for its share of results from MAS Holding Company – K.S.C. and ELAF Bank – B.S.C. (Closed) for the three months ended June 30, 2009.

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8. Investment in Joint Ventures

The investment in joint ventures consists of the following:

Name of the joint venture	Country of incorporation	Ownership Percentage %		June 30, 2008 (Audited)	June 30, 2009	December 31, 2008 (Audited)	June 30, 2008
		June 30, 2009	December 31, 2008 (Audited)				
Joint Venture – Zamzam Tower	Kuwait	-	-	53.73	-	-	37,784,136
Joint Venture – Qitaf G.C.C.	Kuwait	17.15	17.15	-	2,584,996	2,474,608	-
					<u>2,584,996</u>	<u>2,474,608</u>	<u>37,784,136</u>

The movement during the period / year was as follows:

	June 30, 2009	December 31, 2008 (Audited)	June 30, 2008
Balance at the beginning of the period / year	2,474,608	28,436,483	28,436,483
Reclassified from investment available for sale (Note 5)	-	2,511,828	-
Increase of investment in joint venture	-	10,637,000	10,637,000
Group's share of results from joint ventures	9,267	(4,951,142)	(36,286)
Elimination of profit on intercompany transactions	-	(423,938)	(262,065)
Foreign currency translation adjustments	101,121	(622,647)	(990,996)
Disposals	-	(33,112,976)	-
Balance at the end of the period / year	<u>2,584,996</u>	<u>2,474,608</u>	<u>37,784,136</u>

9. Murabaha payables

The balance of Murabaha payables represent payments received from Islamic Financing Companies . Murabaha payables carrying an annual average charge from 5.5% to 9% (December 31,2008 – from 5% to 10.5% , June 30,2008 – from 5% to 9%).

10. Capital

Authorized, issued and fully paid-up capital consist of 1,000,000,000 shares (December 31,2008 - 1,000,000,000 shares, June 30, 2008 – 1,000,000,000 shares) of 100 fils each.

11. Other operating income

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
Realized income from deferred profit	118,876	182,430	239,579	532,428
Assets management fees	-	218,460	-	439,350
Income from consulting services	63,655	60,212	128,492	139,802
Others	37,075	70,178	97,612	114,960
	<u>219,606</u>	<u>531,280</u>	<u>465,683</u>	<u>1,226,540</u>

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12. Net investment income

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
Unrealized gain from investments at fair value through statement of income	-	7,822	-	182,129
Realized gain from investments at fair value through statement of income	-	173,651	-	209,591
Realized gain on sale of investments available for sale	170,165	-	168,709	15,657
Dividend income from investments available for sale	-	-	68,280	8,968
	<u>170,165</u>	<u>181,473</u>	<u>236,989</u>	<u>416,345</u>

13. 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 and associates in accordance with Ministry of Finance resolution No. 58/2007 effective December 10, 2007.

14. 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.

15. (Loss) Earnings per share attributable to the parent company's shareholders

There are no potential dilutive ordinary shares. The information necessary to calculate basic (loss) earnings per share based on the weighted average number of shares outstanding during the period is as follows:

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
(Loss) profit for the period attributable to the parent company's shareholders	<u>(1,635,107)</u>	<u>1,507,999</u>	<u>85,289</u>	<u>3,513,782</u>
	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>	<u>Shares</u>
Number of shares outstanding:				
Number of issued shares at the beginning of the period	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>
Weighted average number of shares outstanding	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>	<u>1,000,000,000</u>
	<u>Fils</u>	<u>Fils</u>	<u>Fils</u>	<u>Fils</u>
(Loss) earnings per share	<u>(1.64)</u>	<u>1.51</u>	<u>0.09</u>	<u>3.51</u>

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16. Commitments and contingent liabilities

The Group is capital commitments with respect to future capital expenditure related to the construction of a hotel in a joint venture and contingent liabilities regarding letters of credit for an associate as follows:

	<u>June 30,</u> <u>2009</u>	December 31, 2008 (Audited)	<u>June 30,</u> <u>2008</u>
Capital commitments	<u>3,964,990</u>	6,230,437	<u>6,184,682</u>
Contingent liabilities	<u>67,134</u>	151,618	<u>-</u>
	<u><u>4,032,124</u></u>	<u><u>6,382,055</u></u>	<u><u>6,184,682</u></u>

17. General assembly

The shareholders' General Assembly held on June 8, 2009 approved not to distribute cash dividends or bonus shares for the year ended December 31, 2008.

The Shareholders' General Assembly held on April 1, 2008 approved not to distribute cash dividends or bonus shares for the year ended December 31, 2007.

18. Comparative figures

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