

**Sokouk Holding Company K.S.C.P.
and its Subsidiaries**

**INTERIM CONDENSED CONSOLIDATED FINANCIAL
INFORMATION (UNAUDITED)**

30 JUNE 2015



Building a better
working world

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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO BOARD OF DIRECTORS OF SOKOUK HOLDING COMPANY K.S.C.P.

Report on the Interim Condensed Consolidated Financial Information

We have reviewed the accompanying interim condensed consolidated statement of financial position of Sokouk Holding Company K.S.C.P. (the “Company”) and its subsidiaries (collectively the “Group”) as at 30 June 2015, and the related interim condensed consolidated statement of income and interim condensed consolidated statement of comprehensive income for the three month and six month periods then ended, and the related interim condensed consolidated statement of changes in equity and interim condensed consolidated statement of cash flows for the six months period then ended. The management of the Company is responsible for the preparation and presentation of this interim condensed consolidated financial information in accordance with International Accounting Standard IAS 34 “Interim Financial Reporting” (“IAS 34”). Our responsibility is to express a conclusion on this interim condensed 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 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.

Basis for Qualified Conclusion

As explained in Note 13 to the interim condensed consolidated financial information, the auditors of the associate were unable to obtain sufficient appropriate audit evidence on the final outcome of the legal case between the associate and the third party investor. Consequently, we were unable to determine the necessary adjustments required in the interim condensed consolidated financial information for the six months period ended 30 June 2015 with respect to the final court ruling.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial information is not prepared, in all material respects, in accordance with IAS 34.

Emphasis of Matter

Without further qualifying our conclusion, we draw attention to Note 6 to the interim condensed consolidated financial information which describes the uncertainty relating to the final outcome of an ongoing lawsuit in relation to a trading property owned by the Company.

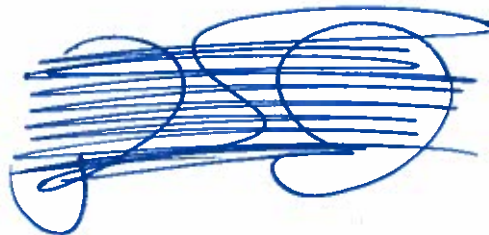
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION TO BOARD OF DIRECTORS OF SOKOUK HOLDING COMPANY K.S.C.P. (continued)

Report on Other Legal and Regulatory Requirements

Furthermore, based on our review, the interim condensed consolidated financial information is in agreement with the books of account of the Company. We further report that, to the best of our knowledge and belief, we have not become aware of any violations of the Companies Law No. 25 of 2012, as amended and its executive regulation, or of the Company's memorandum of incorporation and articles of association, as amended, during the six months period ended 30 June 2015 that might have had a material effect on the business of the Company or on its financial position.



WALEED A. AL OSAIMI
LICENCE NO. 68-A
EY
AL AIBAN, AL OSAIMI & PARTNERS



Dr. ALI OWAIID RUKHEYES
LICENCE NO. 72-A
MEMBER OF NEXIA INTERNATIONAL –
(ENGLAND)
ALWAHA AUDITING OFFICE

22 July 2015
Kuwait

Sokouk Holding Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

For the period ended 30 June 2015

Note	Three months ended 30 June		Six months ended 30 June	
	2015 KD	2014 KD	2015 KD	2014 KD
Hospitality income	104,896	-	104,896	-
Hospitality costs	(270,613)	-	(270,613)	-
Gross loss	(165,717)	-	(165,717)	-
Net investment income	-	40,886	-	92,308
Income from investment properties	78,749	31,976	147,394	65,685
Management fees	29,458	27,777	57,766	53,495
Share of results of associates	308,397	306,450	1,497,041	2,890,682
Foreign exchange gain (loss)	8,636	(2,164)	45,341	(7,518)
Other income	3,008	-	4,553	-
Staff costs	(372,908)	(256,498)	(778,863)	(438,459)
Administrative expenses	(217,996)	(58,182)	(509,282)	(110,636)
Finance costs	(312,956)	(95,747)	(428,703)	(195,071)
Write-back of provisions	-	-	-	2,715
(LOSS) PROFIT FOR THE PERIOD BEFORE CONTRIBUTION TO KUWAIT FOUNDATION FOR THE ADVANCEMENT OF SCIENCES (KFAS), NATIONAL LABOUR SUPPORT TAX (NLST) AND PROVISIONS FOR ZAKAT	(641,329)	(5,502)	(130,470)	2,353,201
KFAS	-	-	-	-
NLST	-	652	-	-
Zakat	-	368	-	-
(LOSS) PROFIT FOR THE PERIOD	(641,329)	(4,482)	(130,470)	2,353,201
Attributable to:				
Equity holders of the Company	(458,522)	16,164	176,773	2,391,075
Non-controlling interests	(182,807)	(20,646)	(307,243)	(37,874)
	(641,329)	(4,482)	(130,470)	2,353,201
BASIC AND DILUTED (LOSS) EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY	(0.80) fils	0.03 fils	0.31 fils	4.18 fils
3				

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

Sokouk Holding Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the period ended 30 June 2015

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
(LOSS) PROFIT FOR THE PERIOD	(641,329)	(4,482)	(130,470)	2,353,201
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Other comprehensive income (loss) to be reclassified to consolidated statement of income in subsequent periods</i>				
- Financial assets available for sale:				
Net change in fair values	-	28,873	-	(12,692)
Transferred to consolidated statement of income on sale	-	(40,886)	-	(82,308)
	-	(12,013)	-	(95,000)
- Foreign currency translation adjustments	22,947	868	121,528	(1,596)
- Share of other comprehensive income of associates	23,309	(1,152)	269,690	(1,870)
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	46,256	(12,297)	391,218	(98,466)
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	(595,073)	(16,779)	260,748	2,254,735
Attributable to:				
Equity holders of the Company	(403,186)	3,867	567,991	2,292,609
Non-controlling interests	(191,887)	(20,646)	(307,243)	(37,874)
	(595,073)	(16,779)	260,748	2,254,735

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

Sokouk Holding Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

At 30 June 2015

		30 June 2015 KD	(Restated) (Audited) 31 December 2014 KD	(Restated) 30 June 2014 KD
	Notes			
ASSETS				
Cash and cash equivalents		2,544,836	1,141,194	1,448,550
Inventories		79,035	-	-
Accounts receivables and prepayments		11,707,428	9,191,168	10,433,710
Investment properties	4	6,482,000	6,482,000	6,220,000
Financial assets available for sale		3,831,533	3,831,533	4,728,891
Investment in associates		55,498,253	57,447,977	55,495,677
Sokouk utilization rights		35,353	35,353	87,207
Property and equipment	5	33,203,291	31,560,882	28,647,924
Trading property	6	1,500,022	1,500,022	1,711,733
TOTAL ASSETS		114,881,751	111,190,129	108,773,692
EQUITY AND LIABILITIES				
Equity				
Share capital	7	59,314,500	56,490,000	56,490,000
Statutory reserve		2,895,475	2,895,475	2,385,102
Voluntary reserve		2,895,475	2,895,475	2,385,102
Treasury shares		(1,769,871)	(1,769,871)	(1,769,871)
Effect of changes in other comprehensive income of Associates		253,950	(15,740)	(17,610)
Foreign currency translation reserve		155,873	34,345	(60,576)
Retained earnings		15,792,561	18,440,288	16,839,761
Equity attributable to the shareholders of the Company		79,537,963	78,969,972	76,251,908
Non-controlling interests		851,756	1,158,999	1,120,089
Total equity		80,389,719	80,128,971	77,371,997
Liabilities				
Islamic finance payables	8	31,897,973	28,594,802	28,520,868
Accounts payable and accruals		2,337,598	2,233,031	2,671,745
Employees' end of service benefits		256,461	233,325	209,082
Total liabilities		34,492,032	31,061,158	31,401,695
TOTAL EQUITY AND LIABILITIES		114,881,751	111,190,129	108,773,692

Mr. Ghanem Yousef Abdullah Al-Ghanem
Chairman

Mr. Feras Fahad Al Bahar
Chief Executive Officer

Sokouk Holding Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

For the period ended 30 June 2015

Attributable to equity holders of the Company

	Share capital KD	Statutory reserve KD	Voluntary reserve KD	Treasury shares KD	Effect of changes in other comprehensive income of associates KD	Foreign currency translation reserve KD	Cumulative changes in fair values KD	Retained earnings KD	Sub- total KD	Non- controlling interests KD	Total equity KD
At 1 January 2015	56,490,000	2,895,475	2,895,475	(1,769,871)	(15,740)	34,345	-	18,440,288	78,969,972	1,158,999	80,128,971
Profit (loss) for the period	-	-	-	-	-	-	-	176,773	176,773	(307,243)	(130,470)
Other comprehensive income for the period	-	-	-	-	269,690	121,528	-	-	391,218	-	391,218
Total comprehensive income (loss) for the period	-	-	-	-	269,690	121,528	-	176,773	567,991	(307,243)	260,748
Bonus shares (Note 7)	2,824,500	-	-	-	-	-	-	(2,824,500)	-	-	-
At 30 June 2015	59,314,500	2,895,475	2,895,475	(1,769,871)	253,950	155,873	-	15,792,561	79,537,963	851,756	80,389,719
At 1 January 2014	53,800,000	2,385,102	2,385,102	(1,769,871)	(15,740)	(58,980)	95,000	17,138,686	73,959,299	657,963	74,617,262
Profit (loss) for the period	-	-	-	-	-	-	-	2,391,075	2,391,075	(37,874)	2,353,201
Other comprehensive loss for the period	-	-	-	-	(1,870)	(1,596)	(95,000)	-	(98,466)	-	(98,466)
Total comprehensive (loss) income for the period	-	-	-	-	(1,870)	(1,596)	(95,000)	2,391,075	2,292,609	(37,874)	2,254,735
Non-controlling interest arising on increase on share capital of subsidiary (Note 9)	-	-	-	-	-	-	-	-	-	500,000	500,000
Bonus shares (Note 7)	2,690,000	-	-	-	-	-	-	(2,690,000)	-	-	-
At 30 June 2014	56,490,000	2,385,102	2,385,102	(1,769,871)	(17,610)	(60,576)	-	16,839,761	76,251,908	1,120,089	77,371,997

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

Sokouk Holding Company K.S.C.P. and its Subsidiaries

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(UNAUDITED)

For the period ended 30 June 2015

	Notes	Six months ended 30 June	
		2015 KD	2014 KD
OPERATING ACTIVITIES			
(Loss) profit for the period		(130,470)	2,353,201
Adjustments to reconcile profit for the period to net cash flows:			
Net investment income		-	(92,308)
Share of results of associates		(1,497,041)	(2,890,682)
Write-back of provisions		-	(2,715)
Finance costs		428,702	195,071
Provision for employees' end of service benefits		23,136	58,171
Depreciation		136,948	-
		(1,038,725)	(379,262)
Changes in operating assets and liabilities:			
Accounts receivable and prepayments		876,236	3,050,527
Sokouk utilization rights		-	53,635
Accounts payable and accruals		104,567	(112,495)
Net cash flows (used in) from operating activities		(57,922)	2,612,405
INVESTING ACTIVITIES			
Proceeds from sale of financial assets available for sale		-	1,270,278
Dividend received from associates		445,487	445,471
Additions to property and equipment	4	(1,779,357)	(1,255,177)
Additions to investment properties		-	(4,059,000)
Inventories		(79,035)	-
Dividend income received		-	10,000
Net cash flows used in investing activities		(1,412,905)	(3,588,428)
FINANCING ACTIVITIES			
Net movement in islamic finance payables	8	2,874,469	1,324,134
Net cash flows from financing activities		2,874,469	1,324,134
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,403,642	348,111
Cash and cash equivalents at the beginning of the period		1,141,194	1,100,439
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		2,544,836	1,448,550

The attached notes 1 to 13 form part of this interim condensed consolidated financial information.

Sokouk Holding Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2015

1 CORPORATE INFORMATION

The interim condensed consolidated financial information of Sokouk Holding Company K.S.C.P. (the "Company") and its subsidiaries (collectively the "Group") for the six month periods ended 30 June 2015 were authorised for issue in accordance with a resolution of the directors on 22 July 2015.

The consolidated financial statements for the year ended 31 December 2014 were approved by the Company's shareholders during the Annual General Assembly held on 1 March 2015.

The Company is registered in the State of Kuwait and was incorporated and authenticated at the Ministry of Justice - Real Estate Registration and Authentication Department on 23 August 1998 and registered in commercial register on 29 August 1998, and subsequent amendments there to. The Company's registered address is at P.O. Box 29110 Safat- Postal code 13152- State of Kuwait.

The Company is a subsidiary of Aref Investment Group S.A.K. ("Aref") ("the Parent Company"), a Kuwaiti share holding Company incorporated in the State of Kuwait and Aref is a subsidiary of Kuwait Finance House K.S.C.P. ("the Ultimate Parent Company"), a registered Islamic Bank with Central Bank of Kuwait and its shares are listed on the Kuwait Stock Exchange.

The main activities of the Company are as follows:

- Ownership of shares of Kuwaiti or foreign shareholding companies or units in Kuwaiti or foreign limited liability companies, or establishing, managing, financing and sponsoring such companies.
- Financing and sponsoring entities in which the Company has an ownership interest of not less than 20% in such entities.
- Owning industrial rights such as patents, industrial trademarks, sponsoring foreign companies or any other related industrial rights and leasing such rights for the benefit of companies inside or outside State of Kuwait.
- Ownership of movable assets or real estates required to pursue the Company's activities within the limits acceptable by law.
- Utilizing available surplus funds by investing these funds in portfolios managed by specialized parties.

All activities are conducted in accordance with Islamic sharea'a.

2 BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2015 has been prepared in accordance with International Accounting Standard ("IAS") 34: Interim Financial Reporting.

Change in accounting policy and disclosures

The accounting policies used in the preparation of this interim condensed consolidated financial information are consistent with those used in the preparation of the annual financial statements for the year ended 31 December 2014, except for the adoption of the amendments, the new accounting policies of which are stated below and annual improvements to IFRSs, relevant to the Company which are effective for annual reporting period starting from 1 July 2014. The adoption of these amendments and annual improvements to IFRS has no significant impact on the interim condensed consolidated financial information of the Group.

Inventories

Inventories are stated at the lower of cost and net realizable value. Costs are those expenses incurred in bringing each item to its present location and condition. Cost represents purchase cost on a specific identification basis. Net realizable value is based on estimated selling price less any further costs expected to be incurred on disposal.

Trading property

Trading property is held for short term purposes and is carried at the lower of cost and net realizable value determined on an individual basis. Cost comprises the purchase cost of real estate and other expenses incurred in order to complete the transaction. Net realizable value is based on estimated selling price less any further costs to be incurred on disposal of real estate.

The interim condensed consolidated financial information does not contain all information and disclosures required for full financial statements prepared in accordance with IFRS and should be read in conjunction with the Company's annual consolidated financial statements for the year ended 31 December 2014. 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 six months period ended 30 June 2015 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2015.

Sokouk Holding Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2015

2 BASIS OF PREPARATION (continued)

Change in accounting policy and disclosures (continued)

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognised.

- Hotel income represents the invoiced value of services provided during the period.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment in value. Freehold land is not depreciated.

Depreciation is calculated on a straight line basis over the estimated useful lives of other assets to their residual values as follows:

Building	20 - 40 years
Computer hardware	3 to 4 years
Furniture and fixtures	3 to 5 years
Motor vehicles	3 to 4 years

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

The interim condensed consolidated financial information is presented in Kuwaiti Dinars (KD).

3 BASIC AND DILUTED (LOSS) EARNINGS PER SHARE

Basic and diluted (loss) earnings per share is calculated by dividing the (loss) profit for the period attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the period (excluding treasury shares) as follows:

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
(Loss) profit for the period attributable to equity holders of the Company	(458,522)	16,164	176,773	2,391,075
	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>	<i>Shares</i>
Weighted average number of ordinary shares (excluding treasury shares) outstanding during the period	571,645,920	571,645,920	571,645,920	571,645,920
Basic and diluted (loss) earnings per share	(0.80) fils	0.03 fils	0.31 fils	4.18 fils

Basic and diluted (loss) earnings per share for the three months and six months periods ended 30 June 2014 was 0.03 fils and 4.39 fils respectively, before retrospective adjustment to the number of shares following the bonus issue (Note 7).

As at 30 June, the Company had no outstanding dilutive potential shares.

Sokouk Holding Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2015

4 INVESTMENT PROPERTIES

Investment properties comprise of residential building located in Kuwait.

The fair value of investment properties was determined as at 31 December 2014 by independent valuers who are specialised in valuing these types of properties. Management is of the view that no significant changes have occurred in fair values of these properties during the period ended 30 June 2015.

Investment properties are mortgaged as collateral against Islamic finance payables of KD 3,039,325 (31 December 2014: KD 3,012,162 and 30 June 2014: KD 3,039,325) (Note 8).

5 PROPERTY AND EQUIPMENT

Property and equipment represent cost of free hold land and subsequent cost incurred to construct a hotel in Kuwait.

Cumulative borrowing costs amounting to KD 3,001,277 (31 December 2014: KD 2,703,197 and 30 June 2014: KD 2,484,588) have been capitalised as additions to property and equipment.

Property and equipment of KD 33,203,291 (31 December 2014: KD 31,560,882 and 30 June 2014: KD 28,647,924) are mortgaged as collateral against Islamic financing payables of KD 21,000,000 (31 December 2014: KD 20,462,196 and 30 June 2014: KD 18,504,587) (Note 8).

6 TRADING PROPERTY

During 2012, the Company acquired a trading property at its fair value of KD 1,500,022 in lieu of settlement of a wakala receivable from the borrower. The title of this property was transferred to the Company as on that date. However during the current period, the management became aware that there is an ongoing lawsuit between the borrower and a third party in relation to ownership of this property. Consequently, any transfer of the title of this property is subject to final outcome of the ongoing lawsuit. The trial is currently in process in the court of law and therefore it is not practical to assess the final outcome of the court judgment. Accordingly, no provision has been recognised in the interim condensed consolidated financial information.

The trading property was previously classified as an asset held for sale however given the ongoing lawsuit, it has been reclassified as a trading property retrospectively since it no longer meets the criteria of classification as 'held for sale' under IFRS 5. This reclassification did not have any effect on previously reported total assets, total equity, total liabilities and profit reported in the prior periods.

7 ANNUAL GENERAL ASSEMBLY

The annual general assembly of the shareholders of the Company held on 1 March 2015 approved the consolidated financial statements for the year ended 31 December 2014. Whereas, the extra ordinary general assembly held on 16 March 2015 approved the board of directors proposal for distribution 5% bonus shares (2013: 5%) amounting to KD 2,824,500 for the year ended 31 December 2014 (2013: 2,690,000). The above was registered in the Company's Commercial registrar on 19 March 2015.

8 ISLAMIC FINANCE PAYABLES

Islamic finance payables represent facilities obtained from local Islamic financial institutions and are secured by the property and equipment amounting to KD 33,203,291 (31 December 2014: KD 31,560,882 and 30 June 2014: KD 28,647,924) (Note 5) and investment properties amounting to KD 6,482,000 (31 December 2014: KD 6,482,000 and 30 June 2014: KD 6,220,000) (Note 4). During the current period, the Group settled Islamic finance facility of KD 18,031,138 (31 December 2014: KD Nil and 30 June 2014: KD Nil) with one of the local banks and obtained new facility of KD 21,000,000 (31 December 2014: Nil and 30 June 2014: Nil) from a local Islamic financial institution.

Soukook Holding Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2015

9 RELATED PARTY TRANSACTIONS

Related parties represent Parent Company, Ultimate Parent Company, major shareholders, associates, directors and key management personnel of the Group, and companies of which they are principal owners or over which they are able to exercise significant influence or joint control. Pricing policies and terms of these transactions are approved by the Company's management.

Transactions with related parties included in the interim condensed consolidated financial information are as follows:

	Parent Company/Ultimate Parent Company		Others	30 June 2015		30 June 2014
	KD		KD	KD		KD
<i>Interim condensed consolidated statement of income:</i>						
Finance costs		193,946	-	193,946	195,071	
				(Audited)		
				31 December		
				2014		
				KD		
<i>Interim condensed consolidated statement of financial position:</i>						
Amounts due from related parties	-	4,529,990	22,809	4,552,799	1,810,434	
Amounts due to related parties	115,586	-	376,014	491,600	586,139	
Islamic finance payables	8,897,973	-	8,897,973	8,882,414	26,520,868	

Amounts due from/ due to related parties are receivables/ payables on demand and do not carry any profit.

Amounts due from related parties are stated net of provision for doubtful debts of KD 80,523 (31 December 2014: KD 80,523 and 30 June 2014: KD 2,160,260).

During the six month periods ended 30 June 2014, a subsidiary of the Company has increased its share capital by KD 2,000,000 in kind against amounts due to the shareholders. The Group's participation in the share capital increase is KD 1,500,000, whereas participation of non-controlling interest (a related party) is KD 500,000. This has resulted in reduction in amounts due to related party and increase in non-controlling interest by KD 500,000.

Key management compensation

	Six months ended	
	30 June 2015	30 June 2014
	KD	
Salaries and other short term benefits	185,647	100,101
End of service benefits	12,746	20,684
	<u>198,393</u>	<u>120,785</u>

Sokouk Holding Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

At 30 June 2015

10 SEGMENT INFORMATION

For management purposes, the Company is organised into three major business segments. The principal activities and services under these segments are as follows:

- Investment: Managing direct investments and investments in subsidiaries and associates; and
- Real estate: Managing investment properties; and
- Hotel operations: Consist of the hospitality services provided through the Millennium hotel and convention center – Kuwait.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on return on investments. The Group does not have any inter-segment transactions.

The following table presents segment revenue, expenses, results information regarding the Group's operating business segments:

<i>Six months ended 30 June 2015</i>	<i>Real estate KD</i>	<i>Investment KD</i>	<i>Hotel operations KD</i>	<i>Others KD</i>	<i>Total KD</i>
Segment revenue	147,394	1,497,041	104,896	105,788	1,855,119
Segment expenses	(169,683)	(142,972)	(1,326,375)	(346,559)	(1,985,589)
Segment results	<u>(22,289)</u>	<u>1,354,069</u>	<u>(1,221,479)</u>	<u>(240,771)</u>	<u>(130,470)</u>
<i>Six months ended 30 June 2014</i>	<i>Real estate KD</i>	<i>Investment KD</i>	<i>Hotel operations KD</i>	<i>Others KD</i>	<i>Total KD</i>
Segment revenue	65,685	2,982,990	-	45,977	3,094,652
Segment expenses	(257,782)	(163,232)	-	(320,437)	(741,451)
Segment results	<u>(192,097)</u>	<u>2,819,758</u>	<u>-</u>	<u>(274,460)</u>	<u>2,353,201</u>

11 COMMITMENTS AND CONTINGENCIES

The Group had capital commitments towards construction contracts relating to property and equipment amounting to KD Nil (31 December 2014: KD 174,689 and 30 June 2014: KD 596,517).

Sokouk Holding Company K.S.C.P. and its Subsidiaries

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

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12 FAIR VALUES

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in orderly transactions between market participants at the measurement date.

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in an active market for identical assets and liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly. This level also includes items whose fair values have been provided by reputable external fund managers; and

Level 3: other techniques which use inputs which have a significant effect on the recorded fair value are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	<i>Level 1</i> KD	<i>Level 3</i> KD	<i>Total</i> KD
30 June 2015			
Financial assets available for sale	-	-	-
31 December 2014 (Audited)			
Financial assets available for sale	-	-	-
30 June 2014	<i>Level 1</i> KD	<i>Level 3</i> KD	<i>Total</i> KD
Financial assets available for sale	-	4,728,891	4,728,891

The following table shows a reconciliation of the opening and closing amount of level 3 financial assets and liabilities which are recorded at fair value.

	<i>At the beginning of the period/ year</i> KD	<i>Net losses recorded in the interim condensed consolidated statement of comprehensive income</i> KD	<i>Purchase</i> KD	<i>transfer, sales and settlements</i> KD	<i>At the end of the period/ year</i> KD
30 June 2015					
Financial assets available for sale	-	-	-	-	-
31 December 2014 (Audited)					
Financial assets available for sale	-	-	-	-	-
30 June 2014					
Financial assets available for sale	4,822,515	-	-	(93,624)	4,728,891

Financial assets available for sale are carried at cost less impairment due to the unpredictable nature of future cash flows and the unavailability of financial information to arrive at a reliable measure of fair value.

Fair value of other financial assets and liabilities are not materially different from their carrying values at the reporting date.

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At 30 June 2015

13 LEGAL CLAIM

During the period ended 30 June 2015, Munshaat Real Estate Projects Company K.S.C.P. (an "Associate" of the Company) has received a final ruling from a Kuwaiti court (Court of Appeal) ("court ruling") against itself for a case filed by a third party investor in Al Qiblah Joint Venture over the ongoing Dar Al Qiblah project. The associate is the fund manager for Al Qiblah Joint Venture. The court ruling has over ruled the previous arbitration ruling, on a similar matter, that was in favor of the Associate. As per the court ruling, the Associate shall refund an amount of USD 22.5 million (equivalent to KD 6.7 million) to the third party investor representing the original investment amount paid by the investor.

Based on discussion with the legal counsel, the management of the Associate believes that, the previous arbitration ruling and other facts and circumstances relating to this case are favorable to the Associate which entails them to appeal for a higher court and expects to receive the ruling in the Associate's favor. As on the date of the interim condensed consolidated financial information, the Associate is pursuing the appeal to a higher court and therefore, as at 30 June 2015, the Group did not record any amounts, relating to the court ruling in the interim condensed consolidated financial information.